

# AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012



# MBOMBELA LOCAL MUNICIPALITY

City of Excellence

### AUDITED ANNUAL FINANCIAL STATEMENTS

for

#### MBOMBELA LOCAL MUNICIPALITY

for the year ended:	2012
Province:	Mpumalanga
AFS rounding:	R (i.e. only cents)

A SECTION OF THE SECT	Contact Information:
Name of Municipal Manager:	Mr X.C Mzobe
About the	(013) 759 2001
	Xolani.Mzobe@mbombela.gov.za
Name of Chief Financial Officer:	Mrs N.T Mthembu
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Contact telephone number:	(013) 766 4292
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Name of contact at National	
Treasury:	Mr Obrey Nekhavhambe
Contact telephone number:	012 315 5867
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#### General information

#### Members of the Mayoral Committee & their Portfolios

Cllr LC Dlamini	Executive Mayor
Cllr J Sidell	Speaker
Clir TM Manana	Chief Whip
Clir ZM Boroko	Member of Mayoral Committe-City Planning and Development Services
Cllr MS Magagula	Member of Mayoral Committe-Financial Services
Clir C Maseko	Member of Mayoral Committe- Rural Development, Human Settlement, Agriculture, Land Reform & Traditional Affairs
Clir PA Mathe	Member of Mayoral Committe-Community Services
Cllr SP Mathonsi	Member of Mayoral Committe-Corporate Services Services & Co-operative Support
Clir JM Mazibane	Member of Mayoral Committe-Social Services & Community Development
Clir BN Mdhluli	Member of Mayoral Committe-Vulnerable Groups, Transversal & Special Projects
Cllr FP Nkala	Member of Mayoral Committe-Public Safety, Public Transport, Health & Emergency Services

Cllr BA Zulu Member of Mayoral Committe-Economic Planning, Development and Environmental Affairs

Councillor	Ward	Councillor	Ward
Cllr S A Mpangane	1	Clir VL Nzimande	21
Cllr MJ Msibi	2	Clir ET Mkhabela	22
Clir MZ Mlumane	3	Cllr MJ Mhaule	23
Cllr KE Maziya	4	Cllr TL Dludlu	24
Cllr TD Tsela	5	Cllr MC Mhlanga	25
Cllr JM Mazibane	6	Cllr TM Bulunga	26
Cllr L Maseko	7	Cllr MS Mashele	27
Cllr JA Mkhonto	8	Cllr TZ Mhlongo	28
Cllr BA Nyundu	9	Cllr KR Mabuza	29
Cllr MS Mdluli	10	Cllr CJ Marais Pienaar	30
Clir EM Mutobvu	11	Clir CN Mnyambo	31
Clir MC Mafotha	12	Cllr ST Nobela	32
Cllr A Kumba	13	Clir NS Nyalunga	33
Cllr KM Mkhonto	14	Cllr TN Sifunda	34
Cllr F Lange	15	Clir PM Nyalunga	35
Cllr CH De kok	16	Clir JJ Khoza	36
Cllr GC De-Bruin	17	Cllr FJ Zulu	37
Cllr JB Mashaba	18	Clir OM Thobela Ngwenyama	38
Cllr NW Motubatse	19	Cllr DT Nkosi	39
Cllr TC Simelane	20		

#### **Audit and Performance Audit Committee**

A C Keyser (Mr)	Chairperson
E Cousins (Mr)	Member
CA Nkuna (Mrs)	Member
RTO Dipone (Mr)	Member

General information

Municipal Manager	
Mr X.C Mzobe	
Chief Financial Officer	
Mrs N.T Mthembu	
Grading of Local Authority	
Grade 4	

#### **Auditors**

#### Auditor-General South Africa - Mpumalanga

 10 Nel Street
 P O Box 2684

 Nelspruit
 Nelspruit

 1200
 1200

#### **Bankers**

#### **ABSA Bank Nelspruit**

2nd Floor: Absa Square P O Box 1951
20 Paul Kruger Street Nelspruit
Nelspruit 1200
1201

General information (continued)	
Registered Office:	Nelspruit Civic Centre
Physical address:	
i ilyolodi dadicoo.	Civic Centre
	1 Nel street
	Nelspruit
	South Africa
	South Africa
Postal address:	
Postal address:	0.00
	P O Box 45
	Nelspruit
	1200
Telephone number:	(013) 759 9111
Fax number:	(013) 759 2002
Website address:	www.mbombela.gov.za
Libraries	
Hazyview	(013) 737 7220
Kabokweni	(013) 796 1082
Matsulu	(013) 778 9864
Nelspruit	(013) 759 2077
Nelsville	(013) 755 4788
Victory Park	(013) 759 2089
White River	(013) 750 9125
Enquiries	
Building Plans	(013) 759 2184
Electricity	(013) 759 2231
Water & Sewerage	(013) 752 2580
Consumers	(013) 759 2025 / 2064
Paypoints	
White River	(013) 751 1176
KaNyamazane	(013) 794 1254
Matsulu	(013) 778 9061
Kabokweni	(013) 796 0227
Hazyview Nelspruit Civic Centre	(013) 737 7346 (013) 759 2025 / 2064
Neispidit Civic Centre	(013) 739 2023 / 2004

#### Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 51, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP), other applicable accounting standards and reporting framework approved by the Accounting Standards Board and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. These statements fairly presents the state of affairs of the municipality, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at 30 June 2012.

I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 30 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Co-operative Governance and Traditional Affairs determination in accordance with this Act.

Municipal Manager

DATE:

Mrs N.T Mthembu Chief Financial Officer

	Note	2012 R	2011 R
ASSETS		K	K
Current assets	_	141,557,568	147,129,537
nventories	2	14,880,375	13,991,802
Current portion of receivables	11	64,787	253,847
rade and other receivables from exchange transactions	3	79,700,885	72,164,674
Other receivables from non-exchange transactions	4	10,071,171	15,057,577
/AT receivable	5	1,048,342	29,888,514
Cash and cash equivalents	6	35,792,008	15,773,123
ion-current assets		5,478,022,562	5,583,795,820
roperty, plant and equipment	7	5,115,110,917	5,200,202,844
ntangible assets	8	7,335,534	7,603,396
evestment property carried at cost	9	341,310,086	352,912,930
Ion current receivables	11	632,677	479,854
nvestments	12 _	13,633,348	22,596,796
otal assets	_	5,619,580,130	5,730,925,357
IABILITIES			400 000 047
current liabilities	42 [	587,427,620	499,936,647
current portion of borrowings consumer deposits	13 15	15,384,508 1,835,118	13,261,347 1,834,053
Other current financial liabilities	16	67,675,920	72,455,386
current portion of unspent conditional grants and receipts	18	158,782,701	128,929,303
current portion of finance lease liability rade and other payables from exchange transactions	14 19	71,588	159,100 280,833,457
Defined benefit plan liability	21	340,947,785 2,730,000	2,464,000
Ion-current liabilities		393,423,230	329,814,894
Ion-current borrowings	13	202,891,687	175,572,238
consumer deposits	15	8,327,435	7,853,555
lon-current provisions	17	28,045,628	15,022,308
Deferred revenue	20	5,415,727	6,187,223
efined benefit plan liability  lon-current finance lease liability	21	148,742,753	125,107,000 72,570
otal liabilities GE-OUDIT	-	980,850,849	829,751,541
let assets ALDITED	_	4,638,729,281	4,901,173,817
IET ASSETS accumulated surplus		4,638,729,281	4,901,173,817
otal net assets			
30/11/2012	-	4,638,729,281	4,901,173,817

#### STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30 JUNE 2012

	Note	2012 R	2011 R
Revenue			
Property rates	22	245,816,025	197,864,957
Service charges	23	588,159,210	485,007,966
Finance Income	24	28,019,548	26,353,575
Government grants and subsidies-operating	25	375,143,419	320,683,252
Government grants and subsidies- capital	25	89,510,790	122,032,987
Rental of facilities and equipment	26	16,430,504	26,496,324
Licences and permits		6,748	6,231
Agency fees	27	22,676,006	20,663,295
Fines		2,981,879	3,078,876
Other Revenue	28	39,178,308	42,223,039
Total revenue		1,407,922,437	1,244,410,501
Expenses			
Employee related costs	29	392,418,235	368,951,755
Remuneration of councillors	30	19,301,835	16,952,099
Depreciation and amortisation	31	292,083,473	283,437,194
Bad debts		55,363,845	8,992,990
Finance costs //	32	44,463,164	35,869,145
Collection costs		3,920,256	1,524,727
Bulk purchases	33	372,330,359	300,327,516
Contracted services	34	164,816,066	173,853,632
Grants and subsidies paid	35	271,360	271,360
General expenses	36	194,405,349	151,383,282
Repairs and maintenance DATUM/DATE	37	128,495,730	120,124,182
Total expenses		1,667,869,672	1,461,687,882
Profit / (Loss) on sale of assets	38	(2,497,300)	5,125,757
Surplus (Deficit) for the period		(262,444,536)	(212,151,624

		Accumulated Surplus	Total: Net Assets
	Note	œ	œ
Balance 30 June 2010		5,147,643,700	5,147,643,700
Correction of prior period error	41	(32,630,162)	(32,630,162)
Restated Balance 30 June 2010		5,115,013,538	5,115,013,538
Deficit for the period		(212,151,624)	(212,151,624)
Prior year error adjustments	41	(1,688,097)	(1,688,097)
Balance at 30 June 2011		4,901,173,817	4,901,173,817
Deficit for the period		(262,444,536)	(262,444,536)
Balance at 30 June 2012		4,638,729,281	4,638,729,281

CASH FLOW STATEMENT AS	AT 30 JUI	NE 2012	
	Note	2012	2011
		R	R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers,government and other		1,504,361,199	1,383,218,029
Cash paid to suppliers and employees		(1,307,602,212)	(1,126,318,452)
Cash generated from operations	39	196,758,987	256,899,577
Finance Income		28,019,548	26,353,575
Finance costs		(44,463,164)	(35,869,145)
Net cash flows from operating activities		180,315,371	247,384,007
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (Property, Plant and Equipment)		(204,321,081)	(303,342,105)
Purchase of Intangible assets		-	(4,979,959)
Proceeds from disposal of investment property		6,702,940	6,121,347
Proceeds from sale of investments		8,963,447	(10,854,952)
Decrease/ (Increase) in loans and receivables		(152,823)	579,825
Net cash flows from investing activities		(188,807,517)	(312,475,844
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		29,442,610	131,783,574
Deferred revenue		(771,496)	5,418,084
Repayment of finance lease liability		(160,082)	(156,132
Net cash flows from financing activities		28,511,032	137,045,526
Net increase / (decrease) in net cash and cash equivalents		20,018,886	71,953,689
Net cash and cash equivalents at beginning of period		15,773,122	(56,180,567)
Net cash and cash equivalents at end of period	40	35,792,008	15,773,122
		,	

DATUM/DATE

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Financial Performance   Service Nations	246,744,704 679,338,216 19,538,939 298,996,936 110,860,995 11,275,469,387 396,417,910 18,972,530 84,181,483 285,464,388 37,429,126 365,380,140 373,740,961 1,562,606,239	152,139 (27,415,005) (62,000,000) (2,471,952) 55,435,807	246,744,704 579,338,216 19,538,338 298,996,936 130,850,592 1,275,469,387 386,570,049 18,972,530 56,786,478 223,484,447 421,815,947 488,644,447 1,631,211,014	245,816,025 588,159,210 28,019,548 375,143,419 81,273,445 1,316,411,647 392,418,235 19,301,835 55,363,845	WEG GOOD		
as & Contributions 11, 11, 12, 20, 2, 2, 2, 2, 2, 2, 2, 2, 2, 2, 2, 3, 4, 4, 4, 4, 4, 4, 4, 4, 4, 4, 4, 4, 4,	246.744.704 579,338.216 19,538.938 298,996,996 130,860,592 1,275,469,387 386,417.510 18,972,530 84,181,483 2285,484,388 37,429,126 366,380,140 373,740,961 1,562,606,239	152.139 (27.415,005) (62.000,000) (2.471,952) 55,435,807	246,744,704 579,338,216 19,538,939 296,996,996 10,850,592 1,275,469,387 386,570,049 18,972,530 56,766,478 22,3,484,388 34,957,174 421,815,947 488,644,447 16,31,211,014 (36,748,637)	245,816,025 588,159,210 28,019,548 375,143,419 81,273,445 1,318,411,647 392,418,235 19,301,835 55,363,845	1000 000		
as a Contributions 11, 11 (2) (2) (3) (4) (4) (4) (4) (4) (4) (4) (4) (4) (4	779,338,216 19,538,939 208,906,936 130,860,592 1,275,469,387 386,417,910 18,972,530 84,181,483 2285,484,388 37,429,126 366,380,140 373,740,961 1,562,606,239	152.139 (27.415,005) (62.000,000) (2.471,952) 55,435,807	19,538,216 19,538,939 298,996,936 10,850,592 1,275,469,387 386,570,049 16,972,530 56,766,478 223,484,388 34,957,174 421,815,947 488,644,447 16,31,211,014	28.019.548 375.143.419 81.273.445 1,318,411,647 392.418,235 19.301,835 55,363.645	(8/9,8/8)	-0.38%	3%
sfers & Contributions)  1.	19,538,939 10,860,592 1,276,469,387 386,417,910 18,972,530 84,181,483 2,85,484,388 37,429,126 36,380,140 373,740,661 1,562,606,239 (277,136,852)	(27.415,005) (62.000,000) (2.471,952) 55,435,807	19,538,939 296,996,936 130,850,592 1,275,469,387 386,570,049 18,972,530 56,766,478 223,484,388 34,957,174 421,815,947 486,644,447 1,631,211,014	28,019,548 375,143,419 81,273,445 1,318,411,647 392,418,235 19,301,835 55,363,645	8,820,994	1.52%	-4%
1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	298,998,936 130,860,592 1,275,469,387 386,417,910 18,972,530 84,181,483 285,484,388 37,429,126 36,380,140 373,740,661 1,562,606,239 (277,136,852)	152,139 (27,415,005) (62,000,000) (2,471,952) 55,435,807	296,996,936 130,850,592 1,275,469,387 386,570,049 16,972,530 56,766,478 223,484,388 34,957,174 421,815,947 486,644,447 1,631,211,014 (365,741,627)	375,143,419 81,273,445 1,316,411,647 392,418,235 19,301,835 55,383,845	8,480,609	43.40%	24%
as Contributions 11, 13, 22, 2	130,850,592 1,275,469,387 396,417,910 18,972,530 84,181,483 285,464,388 37,429,126 365,380,140 373,740,661 1,562,606,239 (277,136,852)	152,139 (27,415,005) (62,000,000) (2,471,952) 55,435,807	130,850,592 1,275,469,387 386,570,049 18,972,530 56,766,478 223,484,388 34,957,174 421,815,947 488,644,447 1,631,211,014 (365,741,627)	81,273,445 1,318,411,647 392,418,235 19,301,835 55,363,845	76,146,483	25.47%	26%
1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1	1,275,469,387 386,417,910 18,972,590 84,181,483 286,484,388 37,429,126 366,380,140 373,740,961 1,562,606,239 (277,136,852)	152,139 (27,415,005) (62,000,000) (2,471,952) 55,435,807	1,275,469,387 386,570,049 18,972,530 56,786,478 223,484,368 34,957,174 421,815,947 1,631,211,014 (365,74,827)	1,318,411,647 392,418,235 19,301,835 55,383,845	(49,577,147)	-37.89%	-44%
15	386,417,910 18,972,530 84,181,483 285,464,388 37,429,126 366,380,140 373,740,961 1,562,606,239 (277,136,852)	(27,415,005) (62,000,000) (2,471,952) 55,435,807	386,570,049 16,972,530 56,766,478 223,484,388 34,957,174 421,815,947 488,644,447 1,631,211,014 (363,211,014	392,418,235 19,301,835 55,363,845	42,942,260	3.37%	%0
115 (26 (26 (26 (26 (26 (26 (26 (26 (26 (26	18,972,530 84,181,483 285,484,388 37,429,126 366,380,140 373,740,961 1,562,606,239 (277,136,852)	(27,415,005) (62,000,000) (2,471,952) 55,435,807	16,972,530 56,766,478 223,484,388 34,957,174 421,815,947 488,644,447 1,631,211,014 (365,741,627)	19,301,835	5,848,185	1.51%	2%
S Contributions  AM/NAME  32012	84,181,483 285,484,388 37,429,126 386,380,140 373,740,861 1,562,606,239 (277,136,852)	(27,415,005) (62,000,000) (2,471,952) 55,435,807	56,766,478 223,484,388 34,957,174 421,615,947 488,644,447 1,631,211,014 (365,741,627)	55,363,845	329,305	1,74%	3%
S Contributions  AM/NAME  32012  TUM/DATE	285,484,388 37,429,126 366,380,140 373,740,961 1,562,606,239 (277,136,852)	(62,000,000) (62,000,000) (2,471,952) 55,435,807	223,484,388 34,957,174 421,815,947 488,644,447 1,631,211,014 (356,741,627)	020 000 000	(1,402,633)	-2.47%	.19%
S Contributions  AM/NAME  3212	37,429,126 366,380,140 373,740,861 1,562,606,239 (277,136,852)	(2,471,952) 55,435,807	34,957,174 421,815,947 488,644,447 1,631,211,014 (356,741,627)	292,083,473	68,599,085	30.70%	-17%
S Contributions  AM/NAME  320 2  TUM/DATE	366,380,140 373,740,661 1,562,606,239 (277,136,852)	55,435,807	421,815,947 488,644,447 1,631,211,014 (365,741,627)	44,463,164	9,505,990	27.19%	%/
S Contributions  AM/NAME  32012  IUM/DATE	373,740,861 1,562,606,239 (277,136,852)		488.644,447 1,631,211,014 (355,741,627)	411,307,829	(10,508,118)	-2.49%	15%
S Contributions  AM/NAME  32012  TUM/DATE	1,552,606,239 (277,136,852)	114 903 786	1,631,211,014 (356,741,627)	455,428,591	(33,215,856)	-6.80%	25%
S Contributions  AM/NAME  TUM/DATE	(277,136,852)	78,604,775	(355,741,627)	1,670,366,973	39,155,959	2.40%	869
2 & Contributions 3  3 AM/NAME 6.8  5 6.8  5 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7 7		(78,604,775)	001 000 100	(351,965,326)	3,786,301	-1.06%	32%
S & Contributions  3  3  3  1  3  1  1  3  1  1  1  5  5  5  5  5  6  6  6  6  6  6  6  7  7  7  7  7  7	324,262,100		324,262,100	89,510,790	(234,751,310)	-72.40%	%69-
3 221 2 5 6 5 6 5 6 6 5 6 6 5 6 6 5 6 6 5 6	47,125,248	(78,604,775)	(31,479,527)	(262,444,536)	(230,965,009)	733.70%	-1447%
AM NAME 65.	47,125,248	(78,604,775)	(31,479,527)	(262,444,536)	(230,965,009)	733.70%	-1447%
gnised - Capital tions & Donations rated Funds pital Funds pital Funds    Secretary							
butions & Donations  Therated Funds  Capital Funds	324,262,101	(61,299,779)	262,962,322	99,708,398	(163,253,924)	-62.06%	.71%
Capital Funds Ca	6,300,000		6,300,000	2,885,870	(3,414,130)	-54.19%	-54%
Capital Funds Capital Funds Capital Funds Capital Funds NAAM/NAME 6. Capital Funds Cap	43,690,278		43,690,278	33,129,904	(10,560,374)	-24.17%	-53%
Capital Funds  ri seels  NAAM NAME  NAAM NAME  DATUM/DATE	161,343,474	(17,104,996)	144,238,478	69,596,909	(75,641,569)	-52.44%	%89-
sels NAAM/NAME nitabilities DATUM/DATE	535,595,853	(78,404,775)	457,191,078	204,321,081	(252,869,997)	-55.31%	%89-
Seets DATUM/DATE	137,965,518		137,965,518	141,557,568	3,592,050	2.60%	-28%
urent librilities on current librilities and librilities Seets DATUM/DATE	5,836,159,237		5,836,159,237	5,478,022,562	(358,136,675)	-6.14%	-4%
urent lightifies on current lightifies   Seets   DATUM/DATE   Seets	5,974,124,755		5,974,124,755	5,619,580,130	(354,544,625)		-5%
isbilities  20/11/2012  sels  BATUM/DATE  6.	186,381,363		186,381,363	587,427,620	401,046,257	215.18%	75%
isblitties 20/11/32012.	180,227,002	,	180,227,002	393,423,230	213,196,228	118.29%	118%
ssets DATUM/DATE	366,608,365		366,608,365	980,850,849	614,242,484	167.55%	%06
ssets DATUM/DATE	6,607,516,390		5,607,516,390	4,638,729,281	(968,787,109)	-17.28%	-14%
sh flows	5,607,516,390	*	5,607,516,390	4,638,729,281	(968,787,109)	-17.28%	-14%
Nat Dack Erom (Lead) Operation	540 198 152		540 108 153	180 315 371	(250 882 782)	266 63%	818
	7508 846 064V		(508 848 064)	(188 807 517)	320 008 543	20 BC62	7009
	4,738,090		(4,738,090)	28,511,032	33,249,122	-701.74%	%0
ning of the Year	15,773,122		15,773,122	15,773,122	,	0.00%	-83%
	42,417,124		42,417,124	35,792,008	(6,625,116)	-15.62%	-58%

Refer to Note 50 for management explanations of significant variances greater than 10%.

#### 1 ACCOUNTING POLICIES

#### 1.1 BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with the effective standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

#### 1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the Municipality.

#### 1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

#### 1.4 COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

## 1.5 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been approved but for which effective dates have been determined and have not been early adopted however accounting policies have been developed by the Municipality:

GRAP 23 Revenue from Non-Exchange Transactions	PE DEPAR
GRAP 24 Presentation of Budget Information in Financial Statements	
GRAP 21 Impairment of non-cash-generating assets	A SIPLE PROPERTY.
GRAP 26 Impairment of cash generating assets	
GRAP 103 Heritage Assets	A.N
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## 1.5 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE (cont.)

The following GRAP standards have been approved but for which effective dates have not been determined and have not been early adopted by the Municipality:

STANDARD ISSUED, EFFECTIVE DATE NOT DETERMINED	STANDARD APPLIED
GRAP 25 Employee Benefits	IAS 19
GRAP 104 Financial Instruments	IAS 39
GRAP 105 Transfers of Function between Entities under Common Control	Not applicable
GRAP 106 Transfers of Function between Entities under Not Common Control	Not applicable
GRAP 107 Mergers	Not applicable

#### 1.6 PROPERTY, PLANT AND EQUIPMENT

#### 1.6.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the initial estimate of the costs of dismantling and removing the asset and restoring the site on which it is located. Including import duties and non-refundable taxes.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

#### 1.6.2 SUBSEQUENT MEASUREMENT

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

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#### 1.6 PROPERTY, PLANT AND EQUIPMENT (cont.)

#### 1.6.3 DEPRECIATION

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure Roads and Paving	Useful Lives
Pedestrian Malls	15-30
Electricity	3-50
Water	5-55
Sewerage	10-55
Community	
Buildings	25-30
Recreational Facilities	25-30
Security	10-25
Halls	25-30
Libraries	25-30
Other assets	
Finance lease assets	
Office equipment	3-15
Other assets	2-10
Other	
Buildings Specialized uphistor	25-30
Specialised vehicles Other vehicles	5-10
Office equipment	4-7 3-15
Furniture and fittings	5-7
Watercraft	4-7
Bins and containers	5-10
Specialised plant and equipment	2-20
Other items of plant and equipment	2-10
Landfill sites	10-55
Emergency equipment Computer equipment	5-10
Computer equipment	3-5

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

#### 1.6.4 DERECOGNITION

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### 1.7 INTANGIBLE ASSETS

#### 1.7.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

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#### 1.7 INTANGIBLE ASSETS (cont.)

Internally generated intangible assets are subject to strict recognition criteria before they are capitlised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- · it is technically feasible to complete the intangible asset;
- · the Municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

The expenditure attributable to the intangible asset during its development can be reliably measured by the Municipality.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

#### 1.7.2 SUBSEQUENT MEASUREMENT

Intangible assets are subsequently carried at cost less accumulated amoritisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test, and the useful life is reviewed at each reporting date, and if the useful life has changed from indefinite and definite, it is treated as a change in accounting estimate in Statement of Financial Performance.

#### 1.7.3 AMORTISATION

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software

2-5

Each item of intangible asset is amortised separately.

Rights consist mainly of servitudes. Rights are not amortised as they have an indefinite useful life. A servitude right is granted to the Municipality for an indefinite period. The life of the servitude will remain in force as the Municipality exercises its rights under such servitudes.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised prospectively as a change in accounting estimate in the Statement of Financial Performance.

#### 1.7.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### 1.8 BIOLOGICAL ASSETS

#### 1.8.1 INITIAL RECOGNITION

Biological assets include fruit plantationss and are initially recognised at fair value less costs to sell. Where fair value is indeterminable, biological assets are initially valued at cost.

#### 1.8.2 SUBSEQUENT MEASUREMENT - COST MODEL

Biological assets are valued at fair value at each reporting date. Where fair value is indeterminable, biological assets are depreciated over their estimated useful lives, which aare estimated as follows: - - Plantations: 30 years

#### 1.9 INVESTMENT PROPERTY

#### 1.9.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held (by the owner or lesee under a finance lease) to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

#### 1.9.2 SUBSEQUENT MEASUREMENT - COST MODEL

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Investment properties (excluding land) - 15 to 30 years

#### 1.10 HERITAGE ASSETS

A heritage asset is defined as an asset that is held and preserved for cultural, environmental, historical, natural, scientific, technological and artistic significance for the benefit of present and future generations.

#### 1.10.1 INITIAL RECOGNITION

An asset that has met the recognition requirement criteria for heritage assets shall be measured at its cost if such an asset has been acquired through an exchange transaction.

Where a heritage asset has been acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

#### 1.10.2 SUBSEQUENT MEASUREMENT - COST MODEL

Heritage assets are not depreciated based on their nature however the municipality assesses at each reporting date whether there is a need for impairment.

#### 1.11 NON-CURRENT ASSETS HELD FOR SALE

#### 1.11.1 INITIAL RECOGNITION

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for intermediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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#### 1.11 NON-CURRENT ASSETS HELD FOR SALE (cont.)

#### 1.11.2 SUBSEQUENT MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

#### 1.12 INVENTORIES

#### 1.12.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

#### 1.12.2.SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

Unsold properties are valued at the lower of cost and net realisable value on a specific identification cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

In general, the basis of allocating cost to inventory items is the first-in, first-out method OR the weighted average method.

#### 1.13 FINANCIAL INSTRUMENTS

#### 1.13.1 INITIAL RECOGNITION

Financial instruments are initially measured at fair value, plus, (in the case of financial instruments not at fair value through profit or loss), transaction costs. The fair value of a financial instrument that is initially recognised is normally the transaction price, unless the fair value is evident from the observable market data. The Municipality uses a discounted cash flow model which incorporates entity-specific variables to determine the fair value of financial instruments that are not traded in an active market. Differences may arise between the fair value initially recognised in (which in accordance with IAS 39, is generally the transaction price) and the amount initially determined using the valuation technique. Any such differences are subsequently recognised in profit or loss only to the extent that they relate to a change in the factors (including time) that market participants would consider in setting the price.

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#### 1.13 FINANCIAL INSTRUMENTS (cont.)

#### 1.13.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

The Entity classifies its financial assets into the following categories:

- · held-to-maturity:
- · loans and receivables;
- · available-for-sale; and
- · fair value through profit and loss.

The classification depends on the purpose for which the financial asset is acquired, and is as follows:

- Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity, where the Entity has the positive intent and ability to hold the investment to maturity. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.
- Loans and receivables are financial assets that are created by providing money, goods or services directly to a debtor. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.
- Available-for-sale financial assets are financial assets that are designated as available for sale, and are subsequently measured at fair value at Statement of Financial Position date, except for investments in equity instruments that do not have quoted market prices in an active market, and whose fair value cannot be reliably measured, which shall be measured at cost. Any adjustment is recorded in the Statement of Changes in Net Assets in the period in which it arises. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. The fair value of financial instruments classified as available-for-sale is their quoted bid price at the Statement of Financial Position date.
- Fair value through profit and loss financial assets include derivative financial instruments used by the Entity to manage its exposure to fluctuations in interest rates attached to certain of its external borrowings interest swap agreements. Any fair value adjustment is recorded in the Statement of Financial Performance in the period in which it arises. To the extent that a derivative instrument has a maturity period of longer than a year, the fair value of these instruments will be reflected as a non-current asset or liability, and is subsequently measured at fair value at Statement of Financial Position date.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discount) through the expected life of the financial asset, or, where appropriate a shorter period.

#### 1.13.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as compant.

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#### 1.13 FINANCIAL INSTRUMENTS (cont.)

#### 1.13.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are intitially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

#### 1.13.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

#### 1.13.3 IMPAIRMENT

An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

#### 1.14 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised when the Municipality has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

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#### 1.15 LEASES

#### 1.15.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. The aggregate benefit of incentives of Operating lease are recognised as a reduction of rental expense on a straight-line basis over the term of the relevant lease.

#### 1.15.2 MUNICIPALITY AS LESSOR

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

#### 1.16 REVENUE

Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances.

#### 1.16.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

#### Service charges

Flat rate service charges relating to electricity and water which are based on consumption are metered and an estimate of consumption between the latest meter reading and the reporting date shall be recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality; and
- The amount of the revenue can be measured reliably.

Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumptions are made monthly when meter readings have not been performed and are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made then recognised in the statement of financial performance in the invoicing period in which meters have been read.

Revenue from the sale of electricity prepaid meter credit is recognised at the point of sale

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#### 1.16 REVENUE (cont.)

In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

Service charges from sewerage and sanitation are based on the size of the property, number of dwelling on each property and connection, using the tariffs approved by Council and are levied monthly.

#### Sale of goods

Revenue from the sale of goods is recognised when substantially all the risks and rewards of ownership of the goods is passed to the consumer.

Revenue from the sale of erven is recognised when all conditions associated with the deed of sale have been met.

#### Interest, royalties and dividends

Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset:

Royalties are recognised as they are earned on a time basis is recognised on a straight-line basis over the period of the agreement. Royalty revenue that is based on production, sales and other measures is recognised in accordance with the substance of the relevant agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

#### **Agency Services**

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified.

The income recognised is in terms of the agency agreement.

The revenue is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

Collection charges are recognised when such amounts are incurred.

#### 1.16.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions between one or more parties where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transaction is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

#### Rates (including collection charges and penalty interest)

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Rebates are respectively granted, to owners of land on which not more than two dwelling units are erected provided that such dwelling units are solely used for residential purposes. Additional relief is granted to needy, aged and/or disabled owners, based on income. The rebates granted are deducted from revenue.

Property rates revenue is recognised once a rates account has been issued to ratepayers. Adjustments or interim rates are recognised once the municipal valuer has valued the change to properties.

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#### 1.16 REVENUE (cont.)

#### **Fines**

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

#### Public donations and contributions

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, a deferred income (liability) is recognised.

Deferred income relating to government grants are recognised on the following bases:

- Capital contributions to property, plant and equipment: Credited on a systematic basis to the Statement of financial Performance based on the estimated useful life of the plant and equipment.
- Income-related grants subsidising expenses: Credited to the Statement of Financial Performance as revenue when the related expense is recognised.

Contributed property, plant and equipment is recognised at fair value, when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

#### Other

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

#### 1.16.3 GOVERNMENT GRANTS, TRANSFERS AND DONATIONS

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Conditional grants, donations and funding were recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in the agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Position at the earlier of the date of receipt or when the amount is receivable.

Contributed assets are recognised at fair value when the risks and rewards associated with such asset transfer to the Municipality.

#### 1.17 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established.

Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

DATUM/DATE

#### 1.18 EMPLOYEE BENEFITS

#### 1.18.1 Short-term employee benefits

The cost of short-term employee benefits, which include salaries and wages, short-term compensated absences, non-monetary benefits such as medical aid and performance plans, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the Municipality expected to pay in exchange for that service that had accumulated at the reporting date.

#### 1.18.2 Termination Benefits

Termination benefits are recognised when actions have been taken to indicate that the Municipality is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

#### 1.18.3 Retirement benefits

The Municipality provides retirement benefits for its employees and councillors.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councillors have rendered the employment service or served office entitling them to the contributions.

#### Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

#### Defined benefit plans

Defined benefit plans are post-employment benefit plans other than Defined Contibution plans. The defined benefit plans are valued triennually by means of the projected unit credit method. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year in which they become payable.

Past service costs are recognised immediately where the benefit is vested or are amortised on a straightline basis over the average period that it will take for such benefits to become vested.

The retirement benefit obligations recognised in the Statement of Financial Position represents the present value of the defined benefit obligation, adjusted for unrecognised actuarial gains and losses, unrecognised service cost and the fair value of plan assets. Where an asset results, such asset is limited to unrecognised actuarial losses, past service costs and the present value of available refunds and reductions in future contributions to the plan.

#### Post employment medical care benefits

The Municipality provides post employment medical care benefits to its employees and their legitimate spouses. The entitlement to post–retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The expected cost, of these benefits is accrued over the period of employment.

#### 1.19 CONSTRUCTION CONTRACTS AND RECEIVABLES

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Variations in contract work, claims and incentive payments are included to the extent that they have be agreed with the customer.

30/11/2012 DATUM/DATE

#### 1.19 CONSTRUCTION CONTRACTS AND RECEIVABLES (cont.)

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

#### 1.20 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, Municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### 1.21 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### 1.22 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### 1.23 VALUE ADDED TAX (VAT)

The Municipality accounts for Value Added Tax on the payments basis

#### 1.24 BUDGET INFORMATION

The annual budget figures have been presented in accordance with the GRAP reporting framework. A separate statement of comparison of budget and actual amounts, which forms part of the annual financial statements has been prepared. The comparison of budget and actual amount will be presented on the same accounting basis, same classification basis and for the same entity and period as for the approved budget. The budget of the municipality is taken for a stakeholder consultative process and upon approval the approved budget is made publicly available

Material differences in terms of the basis, timing or entity have been disclosed in the notes to the annual financial statements.

The most recent approved budget by Council is the final budget for the purpose of comparison with the actual amounts.

#### 1.25 IMPAIRMENT OF CASH- GENERATING AND NON-CASH GENERATING ASSETS

The municipality classifies all assets held with the primary objective of generating a commercial return as cash generating assets and assets held primarily for service delivery purposes as non- cash generating assets.

Impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount or recoverable service amount.

Solul Sal 2 DATUM/DATE

#### 1.25 IMPAIRMENT OF CASH- GENERATING AND NON-CASH GENERATING ASSETS (cont.)

The municipality assesses at each reporting date whether there is any indication that cash and non-cash generating assets may be impaired. If any such indication exists, the recoverable amount or recoverable service amount of the asset is determined in order to establish the extent of impairment loss (if any).

Intangible assets with an indefinite useful lives and intangible assets not yet available for use are tested for impairment annually by comparing its carrying amount with its recoverable amount or recoverable service amount. This impairment test is performed annually at the same time every period and when there is an indication for impairment.

Where it is not possible to estimate the recoverable amount of an individual cash generating asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined. Cash generating units shall be identified consistently from period to period for the same asset or types of assets, unless the change is justified.

The recoverable amount of a cash generating unit is the higher of its fair value less costs to sell and its value in use. The value in use is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

The recoverable service amount of a non-cash-generating unit is the higher of its fair value less costs to sell and its value in use. The value in use is the present value of the remaining service potential of the asset and is determined using the most appropriate approach of the depreciated replacement cost, restoration cost or service units approach.

The discount rate used is a pre-tax discout rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows has not been adjusted.

If the recoverable amount or recoverable service amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount or recoverable service amount. An impairment loss is recognised immediately in surplus or deficit to the Statement of Financial Performance. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount or recoverable service amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised immediately in surplus or deficit to the Statement of Financial Performance. Any impairment loss reversal of a revalued asset is treated as a revaluation increase.

#### 1.26 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The following areas involve a significant degree of estimation uncertainty:

Useful lives and residual values of property, plant, and equipment
Recoverable amounts of property, plant and equipment
Provision for rehabilitation of landfill sites (discount rate used, number of years, amount of cash flows)
Present value of defined benefit obligation
Fair value of plan assets
Provision for doubtful debts
Impairment of assets
Provision for long-term service award

The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in the process of applying the Municipality's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Impairment of assets Provisions

	2012	2011
! INVENTORIES	R	R
Opening balance of inventories:	13,991,802	14,564,715
Consumable stores - at cost	1,424,550	1,588,961
Maintenance materials - at cost	3,858,960	5,113,372
Spare parts - cost	8,437,871	7,759,225
Medicines- at current replacement cost	193,185	66,060
Water - cost	77,236	37,097
Additions:	77,367,763	49,090,150
Consumable stores	4,589,055	4,027,803
Maintenance materials	16,913,106	11,998,713
Spare parts	12,886,264	6,896,876
Medicines	2,572,286	2,276,294
Water	40,407,052	23,890,464
Issued (expensed):	76,479,190	49,663,063
Consumable stores	4,363,079	4,192,214
Maintenance materials	15,614,418	13,253,125
Spare parts	13,577,431	6,218,230
Medicines	2,532,292	2,149,169
Water	40,391,970	23,850,325
Closing balance of inventories:	14,880,375	13,991,802
Consumable stores - at cost	1,650,526	1,424,550
Maintenance materials - at cost	5,157,648	3,858,960
Spare parts - cost	7,746,704	8,437,871
Medicines- at current replacement cost	233,179	193,185
Water - cost	92,318	77,236

#### 3

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TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS			
	Gross Balances R	Provision for Doubtful Debts R	Net Balance R
Trade Receivables as at 30 June 2012	K	K	Α.
	442 005 040	00 276 606	14,429,212
Rates	113,805,818	99,376,606	40,320,257
Electricity Water	52,285,200	11,964,943 17,809,666	4.647.504
	22,457,170	8.210.528	2,433,245
Sewerage	10,643,773		
Refuse	78,030,974	65,546,936	12,484,038
Interest on arrears	84,572,912	83,672,384	900,528
Total trade receivables	361,795,847	286,581,063	75,214,784
Other	33,190,452	28,704,351	4,486,101
Total Trade and other receivables	394,986,299	315,285,414	79,700,885
Trade Receivables as at 30 June 2011			
Rates	97,553,837	83,295,376	14,258,461
Electricity	47,116,607	13,666,467	33,450,140
Water	20,080,001	15.746.847	4.333,154
Sewerage	10,014,785	7,704,005	2,310,780
Refuse	68,201,410	57,214,837	10,986,573
Interest	79,987,967	79,157,879	830.088
Total trade receivables	322,954,607	256,785,411	66,169,196
Other consumer related receivable	35,486,178	29,490,700	5,995,478
Total Trade and other receivables	358,440,785	286,276,111	72,164,674
ADDITED		2012	2011
Total: Ageing		R	R
Current (0 – 30 days)		60,097,712	53,406,935
31 - 60 Days		13,755,033	12,114,637
61 - 90 Days		11,157,699	9,830,529
91 - 120 Days		9,478,576	8,317,805
121 - 365 Days		53.569.717	55,249,949
+365 Days		246,927,562	219,520,931
Total DATU/ DATE	-	394,986,299	358,440,785
10tal		394,900,299	330,440,703

	2012	2011
3 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)	R	R
Rates: Ageing		
Current (0 – 30 days)	13.965.528	12 607 742
31 - 60 Days	4,907,486	13,687,743 4,172,091
61 - 90 Days	4,383,070	3,500,112
91 - 120 Days		
121 - 365 Days	3,797,885 22,658,410	3,147,521
+365 Days		21,085,223
Total	64,093,439 113,805,818	51,961,148 <b>97,553,837</b>
Electricity: Ageing		
Current (0 – 30 days)	35,265,820	28,009,268
31 - 60 Days	4,019,475	3,725,307
61 - 90 Days	2,382,245	1,714,456
91 - 120 Days	1,685,260	1,419,558
121 - 365 Days	4,088,244	4,666,139
+365 Days	4,844,156	7,581,879
Total	52,285,200	47,116,607
Water: Ageing		
Current (0 – 30 days)	1,772,597	1,649,472
31 - 60 Days	720,349	599,324
61 - 90 Days	741,549	569,174
91 - 120 Days	722,414	457,567
121 - 365 Days	3,577,348	3,433,844
+365 Days	14,922,913	13,370,620
Total	22,457,170	20,080,001
Sewerage: Ageing		
Current (0 – 30 days)	1,183,505	1,110,052
31 - 60 Days	394,981	308,128
61 - 90 Days	330,214	316,620
91 - 120 Days	207,362	227,221
121 - 365 Days	1,425,411	1,589,210
+365 Days Total	7,102,300 10,643,773	6,463,554 10,014,785
	10,043,713	10,014,700
Refuse: Ageing Current (0 – 30 days)	3,671,709	3,254,488
31 - 60 Days	1,634,248	1,541,849
61 - 90 Days		
91 - 120 Days	1,436,846	1,524,220
121 - 365 Days	1,331,982	1,266,769
+365 Days	9,614,311	10,041,287
Total	60,341,878 <b>78,030,974</b>	50,572,797 68,201,410
Interest: Ageing Current (0 – 30 days)	1,745,930	1,698,689
31 - 60 Days	1,682,901	1,534,521
61 - 90 Days	1,614,206	1,593,446
91 - 120 Days	1,575,952	1,561,469
121 - 365 Days	11,145,002	12,327,635
+365 Days	66,808,921	61,272,207
Total Section 1	84,572,912	79,987,967
Other: Ageing		
Current (0 – 30 days)	2,492,623	3,997,223
31 - 60 Days	395,593	233,417
61 - 90 Days	269,569	612,501
91 - 120 Days // // //	157,721	237,700
. / // 1M3/11 // / 1	1,060,991	2,106,611
121 - 365 Days //		
+365 Days	28,813,955	28,298,726
	28,813,955 33,190,452	28,298,726 35,486,178

		_	2012	2011
3	TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (CI	ONTINUE)	R	R
	Summary of Debtors by Customer Classification	Residential	Industrial / Commercial	Government
	20 hung 2040	R	R	R
	30 June 2012 Current (0 – 30 days)	32,422,703	25.106.475	2.568.533
	31 - 60 Days	9.108.969	3,940,716	705,347
	61 - 90 Days	8,100,016	2,486,262	571,422
	91 - 120 Days	6,719,273	2,414,171	345,132
	121 - 365 Days	42,439,777	10,505,191	624,748
	+365 Days	206,460,858	39,303,737	1,162,969
	Total debtors by customer classification	305,251,596	83,756,552	5,978,151
		Residential	Industrial / Commercial	Government
	30 June 2011	20.100.111	00 070 057	1 0 1 0 0 0 5
	Current (0 – 30 days)	28,186,411	23,276,657	1,943,865   740,445
	31 - 60 Days 61 - 90 Days	8,274,115 6,907,826	3,100,077 2,216,382	740,445
	91 - 120 Days	6,196,475	1,756,871	364,459
	121 - 365 Days	42,005,240	11,974,111	1,270,601
	+365 Days	179,863,560	38,690,171	967,198
	Total debtors by customer classification	271,433,627	81,014,269	5,992,889
	Reconciliation of the impairment provision			
	Balance at beginning of the year		286,276,111	277,895,516
	Contributions to provision		55,363,845	8,992,990
	Impaired debtors written of against provision  Balance at end of year	_	(26,354,542) <b>315,285,414</b>	(612,395) 286,276,111
4	OTHER RECEIVABLES FROM NON - EXCHANGE TRANSACTIONS			
	Financial		10,071,171	12,767,393
	Conditional Grants		2,539,766	10,906,774
	Deposits		535,129	180,587
	Interest Received		1,390	1,390
	Sundry debtors		5,140,397	700 000
	Mbombela Stadium Management		1,151,507 702.981	788,208 890,434
	Suspense Account	L	702,961	090,434
	Non Financial			2,290,184
	Payments made in advance		-	2,290,184
	Total Other receivables from non- exchange transactions	_	10,071,171	15,057,577
5	VAT RECEIVABLE			
	VAT receivable	_	1,048,342	29,888,514
	VAT is payable on the receipts basis. VAT is paid over to SARS only once			
	payment is received from debtors.			
6	CASH AND CASH EQUIVALENTS	11		
	Cash and cash equivalents consist of the following:			
	Cash and cash equivalents consist of the following.		35,469,772	15,334,465
	Operating account		270,801	390,173
	Cash on hand		51,435	48,485
	MAL		35,792,008	15,773,123
	Shows on the Statement of Financial Resilies A. NAAM/NAME			
	Shown on the Statement of Financial Position as: - Cash and cash equivalents		35,792,008	15,773,122
	2/1/2019	-	35,792,008	15,773,122
	- III her	M420A3CCCSSSSSSS		
	DATUM/DATE	The same of the sa		
	101-4, a tangent			

		_	2012	2011
6	CASH AND CASH EQUIVALENTS (cont.)		R	R
•	The Municipality has the following bank accounts: -			
	Current Account (Primary Bank Account)			
	Bank: ABSA Nelspruit Account Number: 40-5321-5785			
	Cash book balance at beginning of year		6,092,417	(82,045,108)
	Cash book balance at end of year		30,451,508	6,092,417
	Bank statement balance at beginning of year		17,921,207	21,807,841
	Bank statement balance at end of year		30,309,220	17,921,207
	Spiral Plan			
	Bank: ABSA Nelspruit Account Number: 90-6703-3766			
	Cash book balance at beginning of year Cash book balance at end of year	=		-
	Sash book balance at end of year	_	-	
	Bank statement balance at beginning of year	_	4,385	4,283
	Bank statement balance at end of year	=	4,443	4,385
	Saving Account			
	Bank: ABSA Nelspruit Account Number: 90-6916-6741			
	Cash book balance at beginning of year	_	-	_
	Cash book balance at end of year	=	-	-
	Bank statement balance at beginning of year	_	1,162	1,223
	Bank statement balance at end of year		1,086	1,162
	Cheque Account (Housing)			
	Bank: ABSA Nelspruit Account Number: 40-5414-9088			
	Cash book balance at beginning of year		396,632	396,322
	Cash book balance at end of year	_	-	396,322
	Bank statement balance at beginning of year		396,322	396,322
	Bank statement balance at end of year		-	396,322
	Cheque Account (Capital)			
	Bank: ABSA Nelspruit Account Number: 10-7016-6603			
	Cash book balance at beginning of year Cash book balance at end of year	=	-	-
	Bank statement balance at beginning of year	-		
	Bank statement balance at end of year		-	-
	Call Account (Water Deposits)			
	Bank: ABSA Nelspruit Account Number: 90-6983-8617			
	Cash book balance at beginning of year		556,713	554,864
	Cash book balance at end of year		557,271	556,713
	Rank statement balance at heritaning Africa		EEC 742	556 064
	Bank statement balance at beginning of year  Bank statement balance at end of year	_	556,713 557,271	556,864 556,713
	NAME	-		

		2012	2011
6	CASH AND CASH EQUIVALENTS (cont.)	R	R
•			
	Call Account (Grant Funding) Bank: ABSA Nelspruit Account Number: 90-6983-9003		
	Account Number, 90-0983-9003		
	Cash book balance at beginning of year	88,351	88,005
	Cash book balance at end of year	88,440	88,351
	Bank statement balance at beginning of year	20.054	
	Bank statement balance at end of year	88,351 88,440	88,005 88,351
		30,440	00,001
	Call Account (Service Contribution) Bank: ABSA Nelspruit		
	Account Number: 90-7568-1173		
	Cash book balance at basississ of		
	Cash book balance at beginning of year Cash book balance at end of year	7,390,361	10,866,451
	Section of the one of the or year	3,096,923	7,390,361
	Bank statement balance at beginning of year	5,141,064	9,558,538
	Bank statement balance at end of year	2,200,184	5,141,064
	Call Account (Taxi Disaster)		
	Bank: ABSA Nelspruit		
	Account Number: 91-2727-3547		
	Cash book balance at beginning of year	26,848	26,667
	Cash book balance at end of year	26,981	26,848
	Back statement helence at hearinging		
	Bank statement balance at beginning of year Bank statement balance at end of year	26,667 24,133	26,667
	and the second s	24,133	26,848
	Call Account (2010 Soccer World Cup)		
	Bank: ABSA Nelspruit Account Number: 40-6718-4081		
	Cash book balance at beginning of year		
	Cash book balance at end of year	-	-
	Bank statement balance at beginning of year		
	Bank statement balance at end of year		_
	Call Account (2010 Soccer World Cup) Bank: ABSA Nelspruit		
	Account Number: 40-6774-2380		
	Cook hook helesse at the deal of		
	Cash book balance at beginning of year Cash book balance at end of year	5	2,357
	San Salario at the Orytal		5
	Bank statement balance at beginning of year		2,357
	Bank statement balance at end of year	-	-
	Call Account (Mbombela 2010 Host City)		
	Bank: ABSA Nelspruit		
	Account Number: 40-7502-7970		
	Cash book balance at beginning of year	4,741	1,933,465
	Cash book balance at end of year	4,911	4,741
	Bank statement balance at beginning of year	4.755	1.022.405
	Bank statement balance at end of year	4,755 4,911	1,933,465 4,755
	NAAM/NAME	1,211	1,700
	8		

30/11/2012 DATUM/DATE

		2012	2011
6	CASH AND CASH EQUIVALENTS (cont.)	R	R
0			
	Call Account (Mbombela 2010 Fan Park Operator) Bank: ABSA Nelspruit Account Number: 40-7611-2661		
	Cash book balance at beginning of year	1,019	420,187
	Cash book balance at end of year	1,055	1,019
	Bank statement balance at beginning of year	1,022	420,187
	Bank statement balance at end of year	1,055	1,022
	Cheque Account (White River Disaster Fund) Bank: ABSA Nelspruit Account Number: 40-5141-9472		
	Cosh hook holongo at hopinning of year	22.946	22.016
	Cash book balance at beginning of year Cash book balance at end of year	22,816 22,816	22,816
	Bank statement balance at beginning of year Bank statement balance at end of year	25,521 25,830	25,114 25,521
	and the state of the crystal	20,000	20,021
	Cheque Account (Mbombela Conditional Grants) Bank: ABSA Nelspruit Account Number: 40-7804-8048		
	Cash book balance at beginning of year Cash book balance at end of year	50,038	
		***********	
	Bank statement balance at beginning of year Bank statement balance at end of year	-	-
	Call Account (Lottery Distribution Trust Fund Mbombela) Bank: ABSA Nelspruit Account Number: 40-6858-1426		
	Cash book balance at beginning of year	1,151,339	1,128,966
	Cash book balance at end of year	1,169,830	1,151,339
	Bank statement balance at beginning of year	1,151,339	1,128,966
	Bank statement balance at end of year	1,169,830	1,151,339
	Cheque Account (Stadsraad van NST) Bank: ABSA Nelspruit Account Number: 10-7000-0209		
	Cash book balance at beginning of year		_
	Cash book balance at end of year	-	-
	Bank statement balance at beginning of year		
	Bank statement balance at end of year		-
	Credit Card Bank: ABSA Nelspruit Account Number: 4550-1900-2824-5012		
	Cash book balance at beginning of year	_	
	Cash book balance at end of year	-	-
	Bank statement balance at beginning a year	-	(30)
	Bank statement balance at end of year	-	-
	30/11/2012		
	DATUM/DATE		

	2012	2011
CASH AND CASH FOLIIVALENTS (CONTINUE)	R	R
Account Number: 7082-8310-0011-1728		
Cash book balance at beginning of year		
Cash book balance at end of year	-	-
Bank statement balance at beginning of year		(18,632)
Bank statement balance at end of year	-	-
Call Deposit		
Bank: Nedbank , Domestic Treasury		
Account Number: 03 / 7881030909 / 000003		
Cash book balance at beginning of year	12,402,982	11,741,844
Cash book balance at end of year	13,065,385	12,402,982
Bank statement halance at beginning of year	12 402 002	11,741,844
Bank statement balance at end of year	13,065,385	12,402,982
A call deposit amounting to R10 172 444 has been invested with Nedbank Bank as security for a oan of R22 000 000 at DBSA		
Fixed Deposit		
The state of the s		
	10,193,814	-
Cash book balance at end of year	567,963	10,193,814
		10,193,814
and dutomore stand of year	301,111	10, 133,014
Cheque Account		
Bank: ABSA, Prime Link Account Account Number: 40-8653-7243		
Account Hullion: 40-0030-1240		
Cash book balance at beginning of year	390,171	12,254
Cash book balance at end of year	270,801	390,171
Bank statement balance at beginning of year	390,171	12,254
Bank statement balance at beginning of year  Bank statement balance at end of year	390,171 270,801	12,254 390,171
The state of the s		
The state of the s		
Bank statement balance at end of year  Cash on hand	270,801	390,171
Bank statement balance at end of year		
Bank statement balance at end of year  Cash on hand  Petty Cash	270,801 51,435	390,171 48,485
Bank statement balance at end of year  Cash on hand  Petty Cash	270,801 51,435	390,171 48,485
	Cash book balance at beginning of year Cash book balance at end of year  Bank statement balance at end of year  Call Deposit Bank: Nedbank, Domestic Treasury Account Number: 03 / 7881030909 / 000003  Cash book balance at beginning of year Cash book balance at beginning of year Bank statement balance at beginning of year Bank statement balance at end of year  A call deposit amounting to R10 172 444 has been invested with Nedbank Bank as security for a loan of R22 000 000 at DBSA  Fixed Deposit Bank: ABSA Nelpruit Account Number: 20-7075-3384  Cash book balance at beginning of the year Cash book balance at end of year  Bank statement balance at beginning of year Bank statement balance at end of year  A fix deposit amounting to R9 800 000 has been invested with ABSA as security for a loan of R200 000 000 at Development Bank of South Africa (DBSA)  Cheque Account Bank: ABSA, Prime Link Account Account Number: 40-6653-7243	CASH AND CASH EQUIVALENTS (CONTINUE)  Fleet Card Bank: ABSA Nelspruit Account Number: 7082-8310-0011-1728  Cash book balance at beginning of year Cash book balance at end of year  Bank statement balance at beginning of year Bank statement balance at end of year  Call Deposit Bank: Nedbank, Domestic Treasury Account Number: 03 / 7881030909 / 000003  Cash book balance at beginning of year Cash book balance at end of year  12,402,982 Cash book balance at beginning of year Bank statement balance at beginning of year 12,402,982 Bank statement balance at beginning of year Bank statement balance at end of year  A call deposit amounting to R10 172 444 has been invested with Nedbank Bank as security for a loan of R22 000 000 at DBSA  Fixed Deposit Bank: ABSA Nelpruit Account Number: 20-7075-3384  Cash book balance at end of year  10,193,814 Bank: ABSA balance at beginning of year Bank statement balance at beginning of year 10,193,814 Bank statement balance at end of year 567,963  Bank statement balance at end of year 10,193,814 Bank statement balance at end of year 367,777  A fix deposit amounting to R9 800 000 has been invested with ABSA as security for a loan of R200 000 out Development Bank of South Africa (DBSA)  Cheque Account Number: 40-6653-7243  Cash book balance at beginning of year 390,171

# UNAUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 MBOMBELA LOCAL MUNICIPALITY

# PROPERTY, PLANT AND EQUIPMENT

1

Reconciliation of Carrying Value 30 June 2012

Accumulated depreciation and impairment losses Carrying values at beginning of the year Cost

5,200,202,844 6,275,943,199

**123,298,691** 202,794,254

209,707 444,086

(79,495,563)

(234,379)

1,268,811,466 1,357,837,781 (89,026,315)

3,242,020,903

**565,862,077** 611,920,558 (46,058,481)

(860,925,617)

Total

Other Assets

Leased Assets

Community

Infrastructure

Land & Buildings

œ

œ

œ

œ

1,075,740,355)

71,424,093

27,491,334

2,469,644

1,812,753

31,372,975

157,654,699

16,705,404

4,802,511

132,896,987

(287,445,957) (1,967,051)

(17,721,427)

(148.029)

(72,549,709)

(190,701,852)

(6,324,941) (1,967,051)

5,115,110,917 6,480,264,280

(1,365,153,363)

230,285,588 (97,216,990)

133,068,598

61,678

1,198,731,402

1,360,307,425

3,208,973,750

**574,275,490** 628,625,962

(54,350,472)

(1,051,627,469

(161,576,024)

,

444,086 (382,408)

Capital under Construction Acquisitions

Impairment loss Depreciation

Carrying value of disposals

Cost

Reconciliation of Carrying Value 30 June 2011

Capital under Construction Acquisitions

Depreciation

Accumulated depreciation and impairment losses

Accumulated depreciation and impairment losses

Refer to Appendix B for more detail on property, plant and equipment

Accumulated depreciation and impairment losses Accumulated depreciation and impairment losses Carrying values at beginning of the year Carrying values at the end of the year Correction of prior year error Cost



Carrying value of disposals

Carrying values at the end of the year Cost

**5,200,202,844** 6,275,943,199 (1,075,740,355)

202,794,254 (79,495,563)

209,707 444,086 (234,379)

1,268,811,466 1,357,837,781 (89,026,315)

4,102,946,520 (860,925,617)

565,862,077 611,920,558 (46,058,481)

**915,590** 915,590

3,242,020,903

123,298,691

915,590

5,973,260,495

5,187,023,096

113,692,248 459,795

357,736 444,086 (86,350)

1,327,530,142 8,796,562

3,181,900,097

563,542,873 604,275,060 (405,237) (40,326,950) 8,561,088 1,048,717 (5,326,294)

(674,849,530)

1,333,197,301 (14,463,721)

178,594,421 (65,361,968)

Total œ

Other Assets œ

Leased

Assets

Community

Infrastructure

Land & Buildings œ

œ

795,088,519)

177,452,341

(280,246,599)

(14,133,595)

(148,029)

(74.562.594)

294,341,937

23,740,038

.

15,843,918 13,180,949

73,018,983

7,512,371

173,177,910 (186,076,087)

2,662,969

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#### 8 INTANGIBLE ASSETS

Reconciliation of carrying value 30 June 2012	Computer Software R	Servitudes R	Total R
Carrying values at beginning of the year	3,012,828	4,590,568	7,603,396
Cost	7,124,915	4,590,568	11,715,483
Accumulated amortisation and impairment losses	(4,112,087)	-	(4,112,087)
Under construction			
Acquisitions	-		-
Amortisation	(267,862)		(267,862)
Carrying values at the end of the year	2,744,966	4,590,568	7,335,534
Cost	7,124,915	4,590,568	11,715,483
Accumulated amortisation and impairment losses	(4,379,949)	-	(4,379,949)

Reconciliation of carrying value 30 June 2011	Computer Software R	Servitudes R	Total R
Carrying values at beginning of the year	831,824	2,670,909	3,502,733
Cost	4,721,615	2,013,909	6,735,524
Accumulated amortisation and impairment losses	(3,889,791)	-	(3,889,791)
Under construction	1,913,737		1,913,737
Acquisitions	489,563	2,576,659	3,066,222
Amortisation	(222,296)	-	(222,296)
Carrying values at the end of the year	3,012,828	4,590,568	7,603,396
Cost	7,124,915	4,590,568	11,715,483
Accumulated amortisation and impairment losses	(4,112,087)	-	(4,112,087)

#### 9 INVESTMENT PROPERTIES

	2012	2011
	R	R
Reconciliation of carrying value		
Carrying values at beginning of the year	3S2,912,930	355,881,230
Cost	362,079,325	410,639,325
Correction of error	-	(48,560,000)
Accumulated depreciation and impairment losses	(9,166,395)	(6,198,095)
Depreciation	(2,402,604)	(2,968,300)
Disposal	9,200,240	-
Cost	11,101,968	-
Accumulated depreciation	1,901,728	-
Carrying values at the end of the year	341,310,086	352,912,930
Cost	350,977,357	362,079,325
Accumulated depreciation and impairment losses	(9,667,271)	(9,166,395)
Accumulated depreciation and impairment losses		

	AUDITED ANNUAL FINANCIAL STATEMENTS FO	OR THE YEAR ENDED 30	JUNE 2012	
			2012	2011
11	NON - CURRENT RECEIVABLES	D THE	R	R
	1001			
	Housing selling scheme loans Impairment Short-term Portion		4 641 169 3 943 705 64 787	4 799 545 4 065 844 253 847
	Total Non - Current Receivables		632 677	479 854
12	INVESTMENTS			
	Held to maturity Investments Fixed Deposits		13 633 348	22 596 796
	Less Fixed Term portion  Total Held to Maturity Investments	E	13 633 348	22 596 796
	A call deposit amounting to R10 172 444 has been invested with Nedbar loan of R22 000 000 at DBSA	k Bank as security for a		
13	BORROWINGS			
	Local Registered Stock Loans		3 000	3 000
	Annuity Loans		218 273 195 218 276 195	188 830 585 188 833 585
	Less : Current portion transferred to current liabilities		15 384 508	13 261 347
	Local Registered Stock Loans Annuity Loans		3 000 15 381 508	3 000 13 258 347
	Total Non-Current borrowings		202 891 687	175 572 238
	Refer to Appendix A for more details on borrowings.			
	Certain investments have been pledged as security for borrowings as inc	dicated in note 12.		
14	FINANCE LEASE LIABILITY			
	30 June 2012	Minimum lease	Future finance	Present value Present value of minimum lease
		payment	charges	payments
	Amounts payable under finance leases	R	R	R
	Within one year Within two to five years	73 750	2 162	71 588
		73 750	2 162	71 588
	Less: Amount due for settlement within 12 months (current portion)			71 588
14	FINANCE LEASE LIABILITY (cont.)			
	30 June 2011	Minimum lease payment	Future finance charges	Present value of minimum lease payments

The average lease term is 3-5 years and the average effective borrowing rate is 12%. Interest rates are fixed at the contract date. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

Amounts payable under finance leases

Less: Amount due for settlement within 12 months (current portion)

Within one year Within two to five years R

178 395 74 796

253 191

R

R

159 100 72 570

231 670

159 100 **72 570** 

2011  R  435 7 853 55  118 1 834 05  553 9 687 60
435 7 853 55 - 118 1 834 05
118 1 834 05
118 1 834 05
118 1 834 05
118 1 834 05
-
-
-
553 9 687 60
274 1 662 41
916 19 764 29
639 3 442 74
643 1 837 22
507 728 54
693 31 991 94
523 14 690 64
920 72 455 38
000 10 112 34
628 4 909 96
628 15 022 30
-

the long-service based on historical staff turnover and has been determined by an actuary.

The movement in the non-current provision is reconciled as follows: -

#### Provision for rehabilitation of landfill sites:

Belong at the hard-level of the		
Balance at the beginning of year	10 112 345	9 460 964
Increase in Asset/Liabilities due to Change in Provision Estimate	9 390 357	-
Increase in provision due to discounting	2 145 297	651 381
Balance at the end of year	21 648 000	10 112 345
Provision for long-service awards:		
Balance at the beginning of year	4 909 963	3 915 078
Contributions to provision	1 677 000	1 235 000
Expenditure incurred	(189 335)	(240 115)
Balance at the end of year / / / /	6 397 628	4 909 963

Balance at the end of year

		2012	2011
		R	R
18	UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
	Unspent Conditional Government Grants-Capital	145 943 077	117 837 916
	Municipal Infrastructure Grant (MIG)	140 860 622	96 797 476
	Department of Water Affairs and Forestry (DWAF)	1 703 964	5 225 189
	Integrated National Electrification Programme Grant (INEP)	1 241 511	4 302 402
	Department of Housing	-	5
	Electricity Demand Side Management Grant (DME)	-	5 130 318
	Neighbourhood Development Partnership Grant (NDPG)	2 136 981	6 376 969
	Information and Communications Technology (ICT) Library Grant	-	5 557
	Unspent Conditional Government Grants-Operating	12 839 623	11 091 387
	Finance Management Grant (FMG)	77 410	343 632
	Municipal Systems Improvement Grant (MSIG)	240 992	569 568
	Provincial Grants	26 982	26 848
	National Lottery Grant	10 036 218	10 151 339
	Disaster Relief Grant	2 458 020	-
	Total Unspent Conditional Grants and Receipts	158 782 701	128 929 303
	Total unspent conditional government grants and public contributions	158 782 701	128 929 303
19	TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
	Trade creditors	258 619 884	198 302 019
	Retentions	24 666 488	41 200 550
	Accrued Staff Leave	24 683 456	20 126 568
	Accrued Bonusses	8 322 648	6 842 270
	Motor Vehicle Licenses Province	18 874 594	9 939 048
	Other creditors	5 780 714	4 423 003
	Total creditors	340 947 785	280 833 457
	The fair value of trade and other payables approximates their carrying amounts.		
20	The fair value of trade and other payables approximates their carrying amounts.  DEFERRED REVENUE		
20	DEFERRED REVENUE	6 187 223	769 139
20	DEFERRED REVENUE  Delta EMD : Opening Balance	6 187 223	769 139 5 418 084
20	DEFERRED REVENUE	6 187 223 - (771 496)	,

This was an advance payment by Delta EMD for the construction of a landfill site. Delta EMD receives preferential pricing on the use of the landfill site and the revenue recognised is the amount billed for the utilisation of the landfill site. This amount is therefore treated as deferred revenue.

#### 21 POST RETIREMENT HEALTH CARE EMPLOYEE BENEFITS

The Municipality provides certain post-retirement health care benefits to staff. These health care benefits are unfunded. The municipality provides a 60% subsidy of medical scheme contribution to eligible in service and continuation members upon retirement subject to a maximum rand cap of R3,277.75 irrespective of marital status.

#### 21.1 Medical Aid Benefits Expense

Current service cost Interest cost Actuarial (gain)/ losses Expected employer benefits Net post retirement health care benefit expense 9 964 000 7 487 000 11 045 000 8 583 000 4 813 000 19 739 000 (1 920 247) (2 149 000) 23 901 753 33 660 000

The Medical Aid Benefit expense is included in employee remuneration.

	R	R
POST RETIREMENT HEALTH CARE EMPLOYEE BENEFITS (cont.)		
21.2 Assumptions for actuarial valuation		
The assumptions made for the actuarial valuation as at 30 June were as	s follows: -	
Expected medical aid benefit increases	7.75% p.a	7.75% p
Discount rate	8.75% p.a	8.75%
Salary inflation	7.25% p.a	7.25%
Expected retirement age (years)	60	(
A one percentage change in the assumed rate of increase of medical air following effect:	d benefits would have the	
	Decrease	Increase
	R	R
30 June 2012		
Health cost inflation effect on the current service cost	20 420 000	28 624 00
Health cost inflation effect on the defined benefit liability	128 039 000	168 496 00
Salary inflation effect on the health care benefit liability	150 434 000	151 180 00
Discount rate effect on the health care benefit liability	188 644 000	122 972 00
Retirement age effect on the health care benefit liability	159 254 000	143 147 00
30 June 2011		
Health cost inflation effect on the current service cost	16 756 000	26 307 00
Health cost inflation effect on the defined benefit liability	105 747 000	153 971 00
Salary inflation effect on the health care benefit liability	123 815 000	129 625 00
Discount rate effect on the health care benefit liability	158 256 000	104 779 00
Retirement age effect on the health care benefit liability	134 370 000	121 019 00
21.3 Post-retirement Health Care Benefit Liability		
Present value of defined obligation (refer 11.4 below)	151 472 753	127 571 00
Net Post-retirement Health Care Benefit Liability	151 472 753	127 571 00
21.4 Changes in post-retirement Health Care Benefits Liability		
Changes in the present value of the defined benefit liability are as follow	s: -	
Balance at beginning of the year	127 571 000	93 911 00
Current service cost	9 964 000	7 487 00
Interest cost	11 045 000	8 583 00
Actuarial (gain)/ loss	4 813 000	19 739 00
Expected employer benefits	(1 920 247)	(2 149 00
Balance at end of year	151 472 753	127 571 00
Disclosed in the Statement of Financial Position as follows:		
Non-current portion	148 742 753	125 107 00
Current portion	2 730 000	2 464 00
Total Post-retirement Health Care Liability		E 707 VV

	2012	2011
	R	R
PROPERTY RATES		
Actual		
Residential	99 011 659	77 854 848
Commercial	119 808 783	100 453 478
Agricultural	6 852 964	4 586 868
Government	14 382 796	11 189 800
Other	5 759 823	3 779 963
Total	245 816 025	197 864 957
Property rates - penalties imposed and collection charges	-	-
Total property rates	245 816 025	197 864 957
Valuations		
Residential	22 183 810 576	21 759 389 033
Commercial	9 975 792 624	9 355 743 642
Government	885 971 017	772 906 016
Municipal	2 214 956 708	2 201 342 203
Agriculture	5 855 373 566	5 914 375 007
Other	2 033 369 562	1 052 378 642
Total Property Valuations	43 149 274 053	41 056 134 543

Valuations on land and buildings are performed every four years. The last valuation compiled in accordance with the Municipal Property Rates Act, 2004 came into effect on 1 July 2009. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations.

A general rate of 0.6978 cent in a Rand (2011: 0.6646) is applied to property valuations to determine property rates. Various rebates are granted to residential, business, agricultural and other properties and/or categories of owners in terms of the approved Property Rates By-Law. A compulsory phasing-in discount is applied on all newly rateable properties in terms of section 21 of the Municipal Property Rates Act, 2004. Rates are levied on a monthly basis on property owners. Interest at 10 % per annum (2011:11%) is levied on oustanding rates.

#### 23 SERVICE CHARGES

22

Sale of electricity
Sale of water
Refuse removal
Sewerage and sanitation charges
Total Service Charges

24 FINANCE INCOME

Cash and cash equivalent and investment Outstanding consumer debtors Other Debtors Discounting

Total Finance income



52 /44 641	45 /81 625
14 827 316	12 644 148
588 159 210	485 007 966
2 749 838	5 302 603
18 955 527	18 624 537
353 569	-
5 960 614	2 426 435
28 019 548	26 353 575

400 935 298 25 646 895

494 836 665

25 750 588

		2012	2011
25	COVERNMENT CRANTS AND SUPPLIES	R	R
25	GOVERNMENT GRANTS AND SUBSIDIES		
	Capital Grants		
	Municipal Infrastructure Grant	81 610 409	71 921 379
	Water Services Grant	3 521 226	28 303 304
	Department of Minerals and Energy DME: Electricity Demand Side		
	Management		8 743 525
	Public Transport Infrastructure Services	-	4 444 292
	Library Information and Communications Tecchnology (ICT) Capital Grant	5 555	
	Lottery Grant	133 612	
	Mpumalanga Housing (Phumlani Projects)	-	2 556 456
	Neighbourhood Development Partnership Grant (NDPG)	4 239 988	6 064 031
	Total Government Grant and Subsidies (Capital)	89 510 790	122 032 987
	Operating Grants		
	Equitable Share	279 161 976	247 674 576
	Municipal Systems Improvement Grant (MSIG)	1 118 576	790 834
	Finance Management Grant (FMG)	1 516 222	1 188 379
	Water Services Grant	14 650 000	15 207 000
	Municipal Infrastructure Grant (Operating projects)	29 357 446	22 674 660
	2010 Host City Operating Grant	-	5 183 782
	Public Transport Infrastructure and Systems Grant - PTIS (Public		
	Transport Plan 2010)		14 030 857
	Integrated National Electrification Programme Grant (INEP)	3 060 890	11 408 097
	Electricity Demand Side Management Grant (DME)	5 130 317	
	Department of Roads and Transport	36 632 993	733 199
	Expanded Public Works Programme (EPWP) Grant	4 515 000	1 201 697
	Other Provincial: Municipal Support Programme Grant	4010000	95 819
	Other Provincial : Revenue Enhancement Grant		97 282
	Other Provincial Department of Housing: Low cost Housing	*	91 202
	(Masoyi People's Housing Process)		397 069
	Total Government Grant and Subsidies (Operating)	375 143 419	320 683 252
	oran and addition (operating)	373 143 419	320 663 252
	Total Government grants and subsidies (Operating and Capital)	464 654 209	442 716 239
	Equitable Share	279 161 976	247 674 576
	This grant is unconditional and is partially utilised for the indigent support through free basic services.	273 101 370	247 674 576
	Finance Management Grant		
	Balance unspent at beginning of year	0.40.000	F00 F11
	Current year receipts	343 632	532 011
	Conditions met – transferred to revenue	1 250 000	1 000 000
	Unspent amount transferred to liabilities (See Note 18)	(1 516 222) 77 410	(1 188 379 343 632
	(44,000)	77 710	040 002
	The grant was used for the financial management internship and reforms programmes. The conditions of the grant were met.		
	Municipal Systems Improvement Grant		
	Balance unspent at beginning of year	ECO ECO	040 404
	Current year receipts	569 568	610 401
	Conditions met – transferred to revenue	790 000	750 000
	Unspent amount transferred to liabilities (See Note 18)	(1 118 576)	(790 833)
	onapent amount dansierred to habilities (See Note 18)	240 992	569 568

This grant was used to fund the Municipal Property Rates Rates Implementation process, Asset Management, Upgrade of financial system and Municipal properties verification. The conditions of the grant were met.

34

		2012	2011
		R	R
25	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)		
	Water Services Grant		
	Balance unspent at beginning of year	5 225 190	16 317 494
	Current year receipts	-	20 960 000
	Conditions met – transferred to revenue	(3 521 226)	(32 052 304)
	Unspent amount transferred to liabilities (See Note 18)	1 703 964	5 225 190
	This grant was used to fund the operating exepnses for the water schemes transferred to the municipality by the Department of Water		
	Affairs and Forestry (DWAF). The conditions of the grant were met.		
	2010 Host City Operating Grant		
	Balance unspent at beginning of year	-	5 212 325
	Current year receipts		-
	Conditions met – transferred to revenue		(5 212 325)
	Unspent amount transferred to liabilities (See Note 18)		
	This grant was used to fund operating expenses for primary health care, service rendered on behalf of the provincial government.		
	Municipal Infrastructure Grant		
	Balance unspent at beginning of year	96 797 477	51 597 816
	Current year receipts	155 031 000	
	Conditions met – transferred to revenue		127 087 000
		(81 610 409)	(71 921 379)
	Other adjustments : transferred to operating	(29 357 446)	(9 965 960)
	Unspent amount transferred to liabilities (See Note 18)	140 860 622	96 797 477
	This grant was used to construct municipal infrastructure to provide basic services for the benefit		
	of poor households. The amount transferred to operating relates to electrification projects and Ventilated Improved Pit (VIP) toilets which does not meet the criteria defination of a capital assets hence service delivery was done		
	Public Transport Infrastructure and Suntains Crant. BTIC (Bublic		
	Public Transport Infrasturcture and Systems Grant - PTIS (Public Transport Plan 2010)		
	Balance unspent at beginning of year	(40 000 774)	(07 424 625)
	Current year receipts	(10 906 774)	(97 431 625)
	Conditions met – transferred to revenue	45 000 000	105 000 000
		(36 632 993)	(4 444 292)
	Other adjustments : transferred to operating Unspent amount transferred to (receivables)/liabilities	(2 520 757)	(14 030 857)
	onspent amount transferred to (receivables)/nabilities	(2 539 767)	(10 906 774)
	The grant was used to construct new and improve existing public transport and non-motorised transport infrastructure for the 2010 World Cup. The conditions of the grant were met and no funds have been withheld.		
	Interested National Floridity of the Business Count (INFR)		
	Integrated National Electrification Programme Grant (INEP)	1 000 101	40.010.00
	Balance unspent at beginning of year	4 302 401	13 246 551
	Current year receipts		1 220 000
	Conditions met – transferred to revenue	(3 060 890)	(10 164 150)
	Other adjustments : transferred to operating	-	-
	Unspent amount transferred to liabilities (See Note 18)	1 241 511	4 302 401

grant was utilised to instal electricity infrastructure in informal areas. The conditions of the grant were met and no funds have been withheld. The electrification of households expenditure was transferred to operating expenditure as it is not

Council 's assets

		2012	2011
		R	R
25	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)		
	Other Provincial Grants		
	Balance unspent at beginning of year Current year receipts	32 409	621 944
	Conditions met - transferred to revenue (Operating Municipal Support)	133	934
	Conditions met - transferred to revenue (Operating Revenue		(95 819
	Enhancement) Conditions met – transferred to revenue (Operating Provincial	-	(97 282
	Housing)	(5)	(397 069
	Conditions met – transferred to revenue (Operating Community  Libraries ICT)	(5.555)	
	Other adjustments	(5 555)	(299)
	Unspent amount transferred to liabilities (See Note 18)	26 982	32 409
	The grants were utilised for various projects as set out in the conditions of the Grants		
	Department of Roads and Transport		
	Balance unspent at beginning of year Current year receipts		1 229 516
	Conditions met – transferred to revenue Other adjustments	-	(733 199)
	Unspent amount transferred to liabilities (See Note 18)	<u>-</u>	(496 317)
	The grant to be used for co-funding a specific development project.		
	Electricity Demand Side Management Grant (DME)		
	Balance unspent at beginning of year	5 130 317	7 117 790
	Current year receipts Conditions met - transferred to revenue	-	8 000 000
	Jnspent amount transferred to liabilities (See Note 18) NAAD NAME —	(5 130 317)	(9 987 473) 5 130 317
	MP Housing Department (Phumlani Projects)		
	Balance unspent at beginning of year		(2.94E E00)
1	Current year receipts		(3 815 502) 6 371 958
1	Conditions met - transferred to revenue  Unspent amount transferred to liabilities (See Note 18)	*	(2 556 456)
	he grant to be used for co-funding a specific development project.		-
	leighbourhood Development Partenership Grant (NDPG)		
I	Balance unspent at beginning of year	6 376 969	8 941 000
	Current year receipts Conditions met - transferred to revenue	-	3 500 000
	Inspent amount transferred to liabilities (See Note 18)	(4 239 988) 2 136 981	(6 064 031) 6 376 969
(	Frant to be utilised for the re-development in former R 293 towns.		
	lational Lottery Grant		
	alance unspent at beginning of year	10 151 339	1 131 370
	current year receipts conditions met - transferred to revenue	18 491	9 019 969
L	Inspent amount transferred to liabilities (See Note 18)	(133 612) 10 036 218	10 151 339
m	rant to be utilised for Sports Development programmes. The conditions of the gant has not been et.		
	isaster Relief Grant		
	alance unspent at beginning of year		
C	urrent year receipts	2 458 020	
L	onditions met - transferred to revenue nspent amount transferred to liabilities (See Note 18)	2 450 000	-
-	Taribior of the Industrial (Geo Frote 10)	2 458 020	-

	2012	2011
	R	R
26 RENTAL OF FACILITIES AND EQUIPMENT		
Advertising signs	633 152	1 149 964
Flats	53 517	243 577
Halls	343 842	253 704
Sundry grounds and buildings	2 318 540	1 071 384
Mbombela Stadium	9 958 845	20 665 868
Personnel Housing	666 662	625 556
Concession rental	2 275 995	2 275 996
Other	179 951	210 275
	16 430 504	26 496 324
27 AGENCY FEE		
Department of Roads & Transport		
Revenue received on behalf of the Department	85 599 993	75 211 247
Less: License Card Fees	(1 740 825)	(1 508 319)
Less: VAT on Agency Fee	(3 174 641)	(2 892 861)
Less: Accruals and Payments to the Department	(58 008 521)	(50 146 772)
Agency Fee	22 676 006	20 663 295

The municipality acts as an agent for the Department of Roads and Transport in collecting motor vehicle licence fees. The agency fee comprises of a percentage of the fees collected.

28 OTHER REVENUE		
Service Contributions Conditional Service Contributions Electrical Connections Electrical Re-connection Fees Licencing & Testing Grounds	7 170 389 2 752 258 5 607 729 135 629 1 740 825	3 341 210 5 142 662 933 041 640 242 1 226 289
Prescribed Creditors Administration fees (Debt Collection) Concession Fee Water Cost Recovery (Silulumanzi) Prepaid Commission	477 998 395 402 2 339 021 2 111 007	2 377 546 1 346 930 2 328 865 4 173 468
Building Plan Fees Insurance Claims Township Recovery Cost Burial Fees	1 225 501 945 860 2 611 893 303 152 427 131	1 088 950 1 283 754 769 212 24 152 386 362
Sale of Bid Documents Clearance Certificates Coupons - Solid Waste Conference Registration Fees	458 635 596 395 128 681 98 888	237 118 434 098 250 115 353 876
Refund - Workman's Compensation Act (WCA) Refund - Sector Education and Training Authorities (SETA) Sales - Sundry Fire Brigade Services Library Fees	57 542 960 850 135 111 37 643 34 941	165 678 923 955 191 661 51 394 43 763
Sundry Income	8 425 826 39 178 308	14 508 698 42 223 039
29 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	235 516 839	224 750 039
Employee related costs - Contributions for UIF, pensions and medical aids Travel, motor car, accommodation, subsistence and other allowances Housing benefits and allowances	67 266 660 35 034 139 2 740 096	58 565 892 22 718 420 2 477 654
Overtime payments Long-service awards	35 870 501 1 213 000	32 541 742 844 000
Post retirement medical benefits  Total Employee Related Costs	14 777 000 392 418 235	27 054 008 368 951 755

There were no advances / loans to employees.

			2012	2011
			R	R
29	EMPLOYEE RELATED COSTS (cont.)			
	Remuneration of the Municipal Manager		10.000	
	Annual Remuneration		43 289	
	Vehicle & Other Allowances		16 128	
	Contributions to UIF, Medical and Pension Funds	_	15 584 <b>75 001</b>	-
	Total	-	75 001	
	Remuneration of the Deputy Municipal Manager			
	Annual Remuneration		624 845	701 568
	Vehicle & Other Allowances		248 393	147 437
	Contributions to UIF, Medical and Pension Funds	_	195 950	203 805
	Total	=	1 069 188	1 052 810
	Remuneration of the Chief Finance Officer			
	Annual Remuneration		700 881	730 970
	Vehicle & Other Allowances		187 526	234 221
	Contributions to UIF, Medical and Pension Funds	_	188 494	190 748
	Total	=	1 076 902	1 155 939
	Remuneration of Individual General Managers	Technical Services	Corporate Services	Community Services
	2012	589 461	396 576	548 166
	Annual Remuneration Vehicle & Other Allowances	169 442	138 685	180 000
	Contributions to UIF, Medical and Pension Funds	131 169	94 386	148 213
	Total	890 072	629 647	876 379
			Corporate	Community
	Remuneration of Individual General Managers	Technical Services	Services	Services
	2011			
	Annual Remuneration	620 104	581 111	579 334
	Vehicle & Other Allowances	145 515	159 074	168 708
	Contributions to UIF, Medical and Pension Funds	137 909	185 677	152 934
	Total	903 528	925 861	900 977
	* UIF = Unemplyment Insurance Fund	-OUDIT		
30	REMUNERATION OF COUNCILLORS	- OUDII		
	Executive Mayor	100000	684 201	632 371
	Deputy Executive Mayor	(1)		79 687
	Speaker  Executive Committee Members	h //	532 545	495 353

5 009 027

8 007 294

1 290 661

3 778 107

19 301 835

4 003 536

7 068 210

1 278 170

3 394 773

16 952 099

In-kind Benefits

Councillors

**Executive Committee Members** 

Total Councillors' Remuneration

Councillors' allowances

Councillors' pension and medical aid contributions

The Executive Mayor, Deputy Executive Mayor, Speaker and Members of the Mayoral Committee are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has use of the Council owned vehicle for official duties. The Executive Mayor has been allocated staff for protective services.

Council provided security at the private residences of the Executive Mayor and several other councillors through private security firms at the cost to Council.

		2012	2011
		R	R
31	DEPRECIATION AND AMORTISATION		
	Property, plant and equipment	289 413 008	280 246 598
	Intangible assets	267 862	222 296
	Investment property carried at cost	2 402 604	2 968 300
	Total Depreciation and Amortisation	292 083 474	283 437 194
32	FINANCE COSTS		
	Borrowings	24 195 051	20 698 559
	Deferred Settlement terms	6 613 816	5 545 205
	Provisions	13 654 297	9 625 381
	Total Finance Costs	44 463 164	35 869 145
33	BULK PURCHASES		
	Electricity	362 949 200	293 803 994
	Water	9 381 159	6 523 522
	Total Bulk Purchases	372 330 359	300 327 516
34	CONTRACTED SERVICES		
	Contracted services for:		
	Stadium Management	24 861 616	30 342 796
	Electricity Demand side management Formalisation and Township Development	5 130 317	9 987 473
	Household electrification & sanitation projects	2 729 772	14 266 670
	Water purification and distribution	26 924 832 56 062 660	23 438 009
	Information Technology (IT) Services	13 007 272	45 691 925 10 905 461
	Meter reading services	2 323 920	1 802 566
	Solid Waste Services	18 496 543	23 312 514
	Security Services	12 151 701	11 408 493
	Other services	3 127 434	2 697 725
	Total Contracted Services	164 816 066	173 853 632
35	GRANTS AND SUBSIDIES PAID		
	Grant to SPCA for animal care	271 360	271 360
	Total Grants and Subsidies Paid	271 360	271 360
	SPCA = Society for the Prevention of Cruelty to Animals		

UM/DATE

2012 2011		
R R		
	86 GENERAL EXPENSES	36
	Included in general expenses are the following:-	
909 434 1 001 662	Advertising	
1 978 200	Aerial Photography	
1 758 395 1 582 517	Agency prepaid commission	
771 373 1 338 721	Asset Register Update	
4 132 130 4 332 028	Audit fees	
1 955 699 1 904 407	Bank charges	
10 635 249	Baseline Study	
1 707 963 2 019 987	Bursaries	
1 038 377 732 329	Chemicals	
- 29 180	Cleansing hawkers Stalls	
377 472 1 503 303	Conferences and delegations	
3 339 254 23 203 195	Consultation and Development	
1 821 389 333 291	Clearing Illegal dumping	
1 940 359 1 490 591	Drivers Licence cards	
1 847 088 681 226	Entertainment & Refreshments	
2 624 108 783 489	Electrical Connections	
25 206 288 20 274 655	Electricity (own usage)	
	Free Basic Water	
75 175 775	Free Basic Electricity	
3 384 885 1 561 605		
1 515 766 1 257 365	Financial management grant	
3 230 703 2 889 095	Indigent Subsidy	
6 222 529 5 854 575	Insurance	
2 893 425 4 035 020	Legal costs	
2 888 532	Local Economic Development Programmes	
693 016 628 633	Marketing	
3 490 332	Master Plans, Business Plans & Feasibility Studies	
2 661 403 1 660 206	Membership fees	
1 106 956 790 834	Municipal Systems Improvement Grant	
1 006 820 1 862 429	Public Participation	
35 458 413 14 030 857	Public Transport Management Function	
1 725 428 1 224 389	Protective & Official Clothing	
1 375 606 1 681 501	Postage	
3 225 387 3 028 502	Printing and stationery	
883 248 339 996	Recruitment and Selection	
398 439 338 837	Rental of office equipment	
187 706 745 800	Rental of telephone system	
3 108 583 2 681 929	Skills development levies	
7 321 133 5 796 431	Sewerage & Water : Silulumanzi	
2 493 215 143 905	Sports Programme 30/1/25/2	
4 546 073 4 991 736	Telephone	
	Tourism Development DATUM/DATE	
2 982 151 - 4 096 500	Training	
3 299 387 4 086 500	Transversal Programmes	
1 001 511 488 088	Travel and subsistence	
4 255 361 3 153 053	Ward committees	
4 849 756 1 949 789	Valuation roll costs	
1 339 042 1 522 231	Other	
11 692 761 5 929 398 194 405 349 151 383 282	Total General Expenses	
		37
51 947 920 49 949 782	Roads	
	- Dirt Roads	
	- Streets & Storm water	
22 266 283 14 525 490		
8 481 646 20 198 937	Water and Sewerage Infrastructure & Services	
22 923 355 17 505 293	Vehicles	
20 112 181 16 268 930	Electrical Infrastructure & Services	
4 840 135 4 428 558	Parks, Gardens and Open Scaces	
5 441 129 5 047 514	Buildings	
2 585 566 1 500 273	Machinery & Equipment	
1 263 334 1 551 011	Traffic Control Equipment	
9 340 129 2 173 050	Landfill Site and Waste Removal Services	
683 162 642 652	Sport Facilities	
	Other	
2 585 566 1 263 334 9 340 129	Machinery & Equipment Traffic Control Equipment Landfill Site and Waste Removal Services Sport Facilities	

Property, plant and equipment   2 (2 497 300)   5 125 757   7012   Profit (Loss) on Disposal of Assets   2 (2 97 300)   5 125 757   7012   Profit (Loss) on Disposal of Assets   2 (2 97 300)   5 125 757   7012			2012	2011
Property, plant and equipment   (2 497 300)   5 125 757	38	PROFIT (LOSS) ON DISPOSAL OF ASSETS	R	R
Total Profit (Loss) on Disposal of Assets  (2 497 300) 5 125 757  39 CASH GENERATED BY OPERATIONS  Surplusif(sheld) for the year Adjustment of the year Adjustment of the year Adjustment (252 083 474 283 437 194 281 437 194 281 437 194 281 437 194 281 437 194 281 437 194 281 437 194 281 437 194 281 437 194 281 281 281 281 281 281 281 281 281 281	-	THE THE TENENT OF THE TENENT O		
Surplus/(deficit) for the year Adjustment for- Non-cash items: (Gain) / loss on sale of assets   Gain) / loss on sale of assets   Combubino to provisions   36 925 073   35 306 266				
Adjustment for- Non-cash Items: (Gain) / loss on sale of assets Contribution to provisions Depreciation and amortisation Debt Impairment Debt	39	CASH GENERATED BY OPERATIONS		
Adjustment for- Non-cash Items: (Gain) / loss on sale of assets Contribution to provisions Depreciation and amortisation Debt Impairment Debt		Surplus//deficit) for the year	(262 444 526)	(242 454 624)
Contribution to provisions Depreciation and amortisation Depter claims and amortisation Depter claims and amortisation Depter claims and amortisation Depter claims and amortisation Depter speak adjustments Finance adjustments Finance costs Finance costs Finance income Operating surplus before working capital changes: (Increase) decrease in inventories (Increase) decrease) in trade receivables (Increase) decrease) in consumer deposits Increase (decrease) in consumer de		Adjustment for:-	(202 444 536)	(212 151 624)
Dept impairment				
Debt Impairment Prior year adjustments Cash items Finance costs Finance costs Finance Income Operating surplus before working capital changes: (Increase)/ decrease in inventories Increase/ (decrease) in trade receivables (Increase)/ decrease in inventories (Increase)/ decrease in i				
Prior year adjustments Cash items Finance costs Coperating surplus before working capital changes: (Increase)/ decrease in inventories (Increase)/ decrease in inventories (Ress 573) Finance costs (Increase)/ decrease in inventories (Increase)/ decrease in trade receivables (Increase)/ decrease in other receivables (Increase)/ decrease in other receivables (Increase)/ decrease) in trade receivables (Increase)/ decrease (Increase)/ decrease) in trade rece				
Cash items Finance costs Finance costs Finance costs Finance income Operating surplus before working capital changes:  (Increase)/ decrease in inventories Increase/ (decrease) in trade receivables (Increase)/ decrease in inventories (Increase)/ decrease in vAT (Decrease)/ Increase/ (decrease) in conditional grants and receipts Increase/ (decrease) in trade payables Increase/ ((decrease) in trade pay			00 303 845	
Finance income Operating surplus before working capital changes: Operating surplus				14 241 740
Operating surplus before working capital changes:  (Increase) decrease in inventories Increase/(decrease) in trade receivables (Increase)/decrease in charder receivables (Increase)/decrease in charder receivables (Increase)/decrease in charder receivables (Increase)/decrease in conditional grants and receipts (Increase)/decrease) in crossure of posits Increase/(decrease) in crossurer deposits Increase/(decrease) in crossurer of posits Increase/(decrease)		Finance costs	44 463 164	35 869 145
(Increase) decrease in inventories Increase (decrease) in trade receivables (Increase) (decrease) in Consideration (Consideration and Increase) (Increase) (Increase) (Increase) (Increase) (Increase) (Increase) in trade payables (Increase) in trade payables (Increase) in trade payables (Increase) (Inc		Finance Income	(28 019 548)	(26 353 575)
Increase/ (decrease) in trade receivables (Increase/Idecrease in Other receivables (Increase/Idecrease in Other receivables (Increase/Idecrease in Other receivables (Increase/Idecrease in Other receivables (Increase/Idecrease) in Charles (Idecrease) in Conditional grants and receipts 28 840 173 50 644 017 (Decrease/Idecrease) in consumer deposits Increase/ (Idecrease) in Consumer Increase/ (Idecrease/ Idecrease/ Idear Increase/ (Idear Idear Idear Idear Idear Idear Idear Idear Idear Idear Idea				
(Increase)/decrease in other receivables (Increase)/decrease) in croase)/decrease in VAT (Decrease)/decrease) in croase/decrease) in croase/decre				
(Increase)/decrease in VAT (Decrease)/increase in conditional grants and receipts (Decrease)/increase) in conditional grants and receipts Increase/(decrease) in trade payables Increase/(decrease) in trade payables Increase/(decrease) in consumer deposits Increase/(decrease) in consultation Increase/(decrease) in consultation in value deposits Increase/(decrease) in consultation involves to the correct financial period Increase/(decrease) in consultation involves to the correct financial period Increase/(decrease) in consultation involves to the correct financial period Increase/(decrease) in consultation involves to the correct financial period Increase/(decrease) in consultation involves to the correct financial period Increase/(decrease) in consultation involves to the correct financial period Increase/(decrease) in consultation involves to the correct financial period Increase/(decrease) in consultation involves to the correct financial period Increase/(decrease)			,	
(Decrease)Increase in conditional grants and receipts increase/(decrease) in trade payables increase/(decrease) in consumer deposits increase / (decrease) in other liabilities (an increase / (decrease) in other liabilities (an increase) in consumer deposits increase / (decrease) in other liabilities (an increase) in other liabilities (and increase (and increase) in other liabilities (and increase) in o				
Increase((decrease) in trade payables Increase((decrease) in consumer deposits Increase (decrease) in consumer deposits Increase (decrease) in other liabilities Cash generated by/tutilised in operations  40 CASH AND CASH EQUIVALENTS Cash and cash equivalents included in the cash flow siztement.  And E				
Increase/(decrease) in consumer deposits Increase/(decrease) in other liabilities Cash generated by/(utilised in) operations  40 CASH AND CASH EQUIVALENTS Cash and cash equivalents included in the cash flow statement.  Cash and cash equivalents included in the cash flow statement.  Bank balances and cash Net cash and cash equivalents (net of bank overdrafts)  41 CORRECTION OF ERROR  The net surplus/ (deficit) for the year has been adjusted by the following errors:-  Recognition of Municipal Infrastructure Grant revenue for the Project Management Unit Operations Recongition of Revenue from Assets received at no consideration from other sphere of Government  Correction of depreciation for the 2010/2011 financial year  Eskom Re- Billings for the 2010/2011 financial year  Eskom Re- Billings for the 2010/2011 financial period  Recording of DWAF involces to the correct financial period  Recording of Consultation and Development invoices to the correct financial period  Recording Bulk Electricity involves to the correct financial period  Recording the straight-lining of Operating leases to the correct financial period  (4 331)  Net effect on surplus  (12 154 620)				
Cash generated by/(utilised in) operations  40 CASH AND CASH EQUIVALENTS  Cash and cash equivalents included in the cash flow statlement.  Cash and cash equivalents included in the cash flow statlement.  Net cash and cash equivalents (net of bank overdrafts)  35 792 008  15 773 122  41 CORRECTION OF ERROR  The net surplus/ (deficit) for the year has been adjusted by the following errors:-  (199 997 004)  Recognition of Municipal Infrastructure Grant revenue for the Project Management Unit Operations  Recongition of Revenue from Assets received at no consideration from other sphere of Government  Correction of depreciation for the 2010/2011 financial year  Eskom Re- Billings for the 2010/2011 financial year  Eskom Re- Billings for the 2010/2011 financial period  Recording of DWAF invoices to the correct financial period  Recording of Consultation invoices to the correct financial period  Recording Bulk Electricity invoives to the correct financial period  Recording the straight-lining of Operating leases to the correct financial period  (23 378)  Recording the straight-lining of Operating leases to the correct financial period  (4 331)  Net effect on surplus		Increase/(decrease) in consumer deposits		
Cash and cash equivalents included in the cash flow statement. Cash and cash equivalents included in the cash flow statement. Cash and cash equivalents included in the cash flow statement. Cash and cash equivalents (net of bank overdrafts)  Bank balances and cash Net cash and cash equivalents (net of bank overdrafts)  35 792 008  15 773 122  41 CORRECTION OF ERROR  The net surplus/ (deficit) for the year has been adjusted by the following errors:-  (199 997 004)  Recognition of Municipal Infrastructure Grant revenue for the Project Management Unit Operations  Reconglition of Revenue from Assets received at no consideration from other sphere of Government  Correction of depreciation for the 2010/2011 financial year  562 758  Eskorn Re- Billings for the 2010/2011 financial year  (26 540 774)  Recording of DWAF invoices to the correct financial period  (23 786)  Recording of ICT consultation and Development invoices to the correct financial period  (167 210)  Recording Bulk Electricity invoives to the correct financial period  (764 549)  Recording the straight-lining of Operating leases to the correct financial period  (4 331)  Net effect on surplus			(4 779 465)	578 911
Cash and cash equivalents included in the cash flow statement.  Bank balances and cash Net cash and cash equivalents (net of bank overdrafts)  15 773 122  Net cash and cash equivalents (net of bank overdrafts)  15 773 122  15 792 008  15 773 122  16 CORRECTION OF ERROR  The net surplus/ (deficit) for the year has been adjusted by the following errors:-  Recognition of Municipal Infrastructure Grant revenue for the Project Management Unit Operations  Recongition of Revenue from Assets received at no consideration from other sphere of Government  Correction of depreciation for the 2010/2011 financial year  Eskom Re- Billings for the 2010/2011 financial year  (26 540 774)  Recording of DWAF invoices to the correct financial period  (23 786)  Recording of ICT consultation invoices to the correct financial period  (903 007)  Recording Bulk Electricity invoives to the correct financial period  (64 549)  Recording the straight-lining of Operating leases to the correct financial period  (4 331)  Net effect on surplus		Cash generated by/(utilised in) operations	196 758 987	256 899 577
Bank balances and cash Net cash and cash equivalents (net of bank overdrafts)  35 792 008  15 773 122  41 CORRECTION OF ERROR  The net surplus/ (deficit) for the year has been adjusted by the following errors:-  (199 997 004)  Recognition of Municipal Infrastructure Grant revenue for the Project Management Unit Operations  Recongition of Revenue from Assets received at no consideration from other sphere of Government  Correction of depreciation for the 2010/2011 financial year  Eskom Re- Billings for the 2010/2011 financial year  (26 540 774)  Recording of DWAF involces to the correct financial period  (23 786)  Recording of ICT consultation involces to the correct financial period  (903 007)  Recording Bulk Electricity involves to the correct financial period  (4 331)  Net effect on surplus  (12 154 620)	40	CASH AND CASH EQUIVALENTS		
Net cash and cash equivalents (net of bank overdrafts)  15 773 122  41 CORRECTION OF ERROR  The net surplus/ (deficit) for the year has been adjusted by the following errors:-  Recognition of Municipal Infrastructure Grant revenue for the Project Management Unit Operations  Recongition of Revenue from Assets received at no consideration from other sphere of Government  Correction of depreciation for the 2010/2011 financial year  Eskom Re- Billings for the 2010/2011 financial year  (26 540 774)  Recording of DWAF invoices to the correct financial period  Recording of ICT consultation invoices to the correct financial period  Recording of Consultation and Development invoices to the correct financial period  (23 786)  Recording Bulk Electricity invoives to the correct financial period  (764 549)  Recording the straight-lining of Operating leases to the correct financial period  (4 331)  Net effect on surplus				
The net surplus/ (deficit) for the year has been adjusted by the following errors:-  Recognition of Municipal Infrastructure Grant revenue for the Project Management Unit Operations Recongition of Revenue from Assets received at no consideration from other sphere of Government  Correction of depreciation for the 2010/2011 financial year  Eskom Re- Billings for the 2010/2011 financial year  (26 540 774)  Recording of DWAF involces to the correct financial period  (23 786)  Recording of ICT consultation invoices to the correct financial period  (167 210)  Recording Bulk Electricity involves to the correct financial period  (4 331)  Net effect on surplus		Bank balances and cash	35 792 008	15 773 122
The net surplus/ (deficit) for the year has been adjusted by the following errors:-  (199 997 004)  Recognition of Municipal Infrastructure Grant revenue for the Project Management Unit Operations  Recongition of Revenue from Assets received at no consideration from other sphere of Government  Correction of depreciation for the 2010/2011 financial year  Eskom Re- Billings for the 2010/2011 financial year  (26 540 774)  Recording of DWAF involces to the correct financial period  Recording of ICT consultation invoices to the correct financial period  Recording of Consultation and Development invoices to the correct financial period  Recording Bulk Electricity invoives to the correct financial period  (764 549)  Recording the straight-lining of Operating leases to the correct financial period  (4 331)  Net effect on surplus		Net cash and cash equivalents (net of bank overdrafts)	35 792 008	15 773 122
Recognition of Municipal Infrastructure Grant revenue for the Project Management Unit Operations  Recongition of Revenue from Assets received at no consideration from other sphere of Government  Correction of depreciation for the 2010/2011 financial year  Eskom Re- Billings for the 2010/2011 financial year  (26 540 774)  Recording of DWAF invoices to the correct financial period  (23 786)  Recording of ICT consultation invoices to the correct financial period  (903 007)  Recording Bulk Electricity invoives to the correct financial period  (764 549)  Recording the straight-lining of Operating leases to the correct financial period  (12 154 620)	41	CORRECTION OF ERROR		
Recognition of Municipal Infrastructure Grant revenue for the Project Management Unit Operations  Recongition of Revenue from Assets received at no consideration from other sphere of Government  Correction of depreciation for the 2010/2011 financial year  Eskom Re- Billings for the 2010/2011 financial year  (26 540 774)  Recording of DWAF invoices to the correct financial period  (23 786)  Recording of ICT consultation invoices to the correct financial period  (903 007)  Recording Bulk Electricity invoives to the correct financial period  (764 549)  Recording the straight-lining of Operating leases to the correct financial period  (12 154 620)		The not curply of (definit) for the year has been adjusted by the following		
Recognition of Municipal Infrastructure Grant revenue for the Project Management Unit Operations  Recongition of Revenue from Assets received at no consideration from other sphere of Government  Correction of depreciation for the 2010/2011 financial year  Eskorn Re- Billings for the 2010/2011 financial year  (26 540 774)  Recording of DWAF invoices to the correct financial period  Recording of ICT consultation invoices to the correct financial period  (903 007)  Recording of Consultation and Development invoices to the correct financial period  (167 210)  Recording Bulk Electricity invoives to the correct financial period  (4 331)  Net effect on surplus		The net surplus/ (deficit) for the year has been adjusted by the following errors:-		,
Government  Correction of depreciation for the 2010/2011 financial year  Eskom Re- Billings for the 2010/2011 financial year  (26 540 774)  Recording of DWAF involces to the correct financial period  (23 786)  Recording of ICT consultation involces to the correct financial period  (903 007)  Recording of Consultation and Development involces to the correct financial period  (167 210)  Recording Bulk Electricity involves to the correct financial period  (764 549)  Recording the straight-lining of Operating leases to the correct financial period  (4 331)  Net effect on surplus				0 334 330
Eskom Re- Billings for the 2010/2011 financial year (26 540 774)  Recording of DWAF invoices to the correct financial period (23 786)  Recording of ICT consultation invoices to the correct financial period (903 007)  Recording of Consultation and Development invoices to the correct financial period (167 210)  Recording Bulk Electricity invoives to the correct financial period (764 549)  Recording the straight-lining of Operating leases to the correct financial period (4 331)  Net effect on surplus				9 331 930
Recording of DWAF invoices to the correct financial period (23 786)  Recording of ICT consultation invoices to the correct financial period (903 007)  Recording of Consultation and Development invoices to the correct financial period (167 210)  Recording Bulk Electricity invoives to the correct financial period (764 549)  Recording the straight-lining of Operating leases to the correct financial period (4 331)  Net effect on surplus		Correction of depreciation for the 2010/2011 financial year		562 758
Recording of ICT consultation invoices to the correct financial period (903 007)  Recording of Consultation and Development invoices to the correct financial period (167 210)  Recording Bulk Electricity invoives to the correct financial period (764 549)  Recording the straight-lining of Operating leases to the correct financial period (4 331)  Net effect on surplus		Eskom Re- Billings for the 2010/2011 financial year		(26 540 774)
Recording of Consultation and Development invoices to the correct financial period (167 210)  Recording Bulk Electricity invoives to the correct financial period (764 549)  Recording the straight-lining of Operating leases to the correct financial period (4 331)  Net effect on surplus (12 154 620)		Recording of DWAF involces to the correct financial period		(23 786)
Recording Bulk Electricity invoives to the correct financial period (764 549)  Recording the straight-lining of Operating leases to the correct financial period (4 331)  Net effect on surplus (12 154 620)				(903 007)
Recording the straight-lining of Operating leases to the correct financial period (4 331)  Net effect on surplus (12 154 620)				(167 210)
Net effect on surplus(12 154 620)				(764 549)
		Recording the straight-lining of Operating leases to the correct financial period		(4 331)
Restated surplus for the period (212 151 624)		Net effect on surplus	_	(12 154 620)
		Restated surplus for the period	=	(212 151 624)

		2012	2011
		R	R
1	CORRECTION OF ERROR (cont.)		
	The opening accumulated surplus has been adjusted for the following errors:-		4 947 646 697
	Net effect on surplus		(12 154 620)
	Recording of DWAF invoices for the previous financial year which were ommitted		(618 686)
	Recognition of conditional service contributions revenue utilised in the previous year		(1 688 097)
	DWAF funded projects, incorrectly funded from own funding, recognition of revenue for prior periods		8 972 309
	Recognition of Municipal Infrastructure Grant revenue for the Project Management Unit Operations		13 207 829
	Eskom Re- Billings for the 2009/2010 financial year incorrectly included in 2010/2011 financial year		(5 169 326)
	Correction of disposed Investment Property Assets incorectly included		(48 560 000)
	Correction of depreciation not included in 2009/2010		(405 237)
	Loss on the disposal of Property, Plant and Equipment not included in 2009/2010		(6 525)
	Straight-lining of Operating Leases 2009/2010		(50 526)
	Net effect on the opening balance of the accumulated surplus		(34 318 259)
	Restated balance		4 901 173 817
	Assets Liabilities Net effect on Statement of Financial Position	_	39 077 075 7 395 805 46 472 880
	The state of the s		

#### 42 CHANGE IN ACCOUNTING ESTIMATE

41

The original estimate on the provision for the rehabilitation of landfill sites was based on information that was only reliably and accurately available at that point in time A change in the estimated amount for the provision of the rehabilitation of landfill sites was revised due to more accurate engineer's report being made available.

There was no effect on the current year's depreciation and interest cost resulting from the change in the accounting estimate as the reveiw was conducted at financial year end. The change was added to the cost of the related asset in the current reporting period. The effect of the future periods is a cumulative avarage increase in the interest cost to R2,7 million over the next 3 years compounded at 11% per annum.

2011

2012

1 276 523

	R	R
UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
3.1 Unauthorised expenditure		
Reconciliation of unauthorised expenditure		
Opening balance	99 578 136	113 642 75
Unauthorised expenditure current year	6 190 876	90 935 38
Condoned or written off by Council Transfer to receivables for recovery		(105 000 00
Unauthorised expenditure awaiting authorisation/ condonment	105 769 012	99 578 13
ncident		
conditional grants utilised for other purposes than intended for. An application for condonement of R113 million and R90.9 million unauthorised expenditure for 2009/2010 and 2010/2011 espectively has been submited to the National Treasury on 24 April 2012. The unauthorised expenditure is in relation to the unlawful utilisation of the conditional grants in 2009/2010 financial ear to counter fund the capital expenditure for the 2010 World Cup infrastructure. This happen fiter certain committed conditional grants were cut by the National Treasury and National Department of Transport without consulting the municipality.		
Total Unauthorised Expenditure for the current year	6 190 876	
our oractionsed expenditure for the current year	0 100 010	
Opening balance Fruites and Wasteful Expenditure expenditure current year Condensed or written off by Council.	3 520 883 4 352 251	333 85 3 187 02
		3 187 02
Fruitless and Wasteful Expenditure expenditure current year Condoned or written off by Council Transfer to receivables for recovery Unauthorised expenditure awaiting condonment	4 352 251 - - 7 873 134	3 187 02
Fruitless and Wasteful Expenditure expenditure current year Condoned or written off by Council Transfer to receivables for recovery Unauthorised expenditure awaiting condonment	4 352 251 7 873 134 Amount	3 187 02
Fruitless and Wasteful Expenditure expenditure current year Condoned or written off by Council Transfer to receivables for recovery Unauthorised expenditure awaiting condonment  ncident nsurance claim repudiated due to expired public driver's permit (PDP)	4 352 251 7 873 134 Amount 64 000	3 187 02
Fruitless and Wasteful Expenditure expenditure current year Condoned or written off by Council Transfer to receivables for recovery Unauthorised expenditure awaiting condonment  ncident nsurance claim repudiated due to expired public driver's permit (PDP) Interest charged by suppliers for late payments  Fine paid to the Department of Economic Development, Enviroment & Tourism for illegal	4 352 251  7 873 134  Amount  64 000 4 248 251	3 187 02
Fruitless and Wasteful Expenditure expenditure current year Condoned or written off by Council Transfer to receivables for recovery Unauthorised expenditure awaiting condonment  Incident Insurance claim repudiated due to expired public driver's permit (PDP) Interest charged by suppliers for late payments  Fine paid to the Department of Economic Development, Enviroment & Tourism for illegal ownship development at Elandshoek	4 352 251  7 873 134  Amount  64 000 4 248 251  40 000	3 187 02
Fruitless and Wasteful Expenditure expenditure current year Condoned or written off by Council Transfer to receivables for recovery Unauthorised expenditure awaiting condonment  maintain repudiated due to expired public driver's permit (PDP) Interest charged by suppliers for late payments Fine paid to the Department of Economic Development, Environment & Tourism for illegal ownship development at Elandshoek  Total fruitless and wasteful expenditure for the current year	4 352 251  7 873 134  Amount  64 000 4 248 251	3 187 02
Fruitless and Wasteful Expenditure expenditure current year Condoned or written off by Council Transfer to receivables for recovery Unauthorised expenditure awaiting condonment  Incident Insurance claim repudiated due to expired public driver's permit (PDP) Interest charged by suppliers for late payments  Fine paid to the Department of Economic Development, Enviroment & Tourism for illegal ownship development at Elandshoek	4 352 251  7 873 134  Amount  64 000 4 248 251  40 000	3 187 02
Fruitless and Wasteful Expenditure expenditure current year Condoned or written off by Council Transfer to receivables for recovery Unauthorised expenditure awaiting condonment  maintained expenditure for late payments  Fine paid to the Department of Economic Development, Environment & Tourism for illegal by by a supplier of the current year  for the fruitless and wasteful expenditure for the current year  43.3 Irregular expenditure  Reconciliation of Irregular Expenditure	4 352 251  7 873 134  Amount  64 000 4 248 251 40 000 4 352 251	3 187 02 3 520 88
Fruitless and Wasteful Expenditure expenditure current year Condoned or written off by Council Transfer to receivables for recovery Unauthorised expenditure awaiting condonment  maintained expenditure awaiting condonment  misurance claim repudiated due to expired public driver's permit (PDP)  interest charged by suppliers for late payments  Fine paid to the Department of Economic Development, Environment & Tourism for illegal by	4 352 251  7 873 134  Amount  64 000 4 248 251  40 000	3 187 02 3 520 88
Fruitless and Wasteful Expenditure expenditure current year Condoned or written off by Council Transfer to receivables for recovery Unauthorised expenditure awaiting condonment  Incident Insurance claim repudiated due to expired public driver's permit (PDP) Interest charged by suppliers for late payments  Fine paid to the Department of Economic Development, Environment & Tourism for illegal bownship development at Elandshoek  Total fruitless and wasteful expenditure for the current year  43.3 Irregular expenditure  Reconciliation of Irregular Expenditure  Opening balance  Irregular expenditure current year Condoned or written off by Council	4 352 251  7 873 134  Amount  64 000  4 248 251  40 000  4 352 251	3 187 02 3 520 88
Fruitless and Wasteful Expenditure expenditure current year Condoned or written off by Council Transfer to receivables for recovery Unauthorised expenditure awaiting condonment  maintained expenditure for late payments  Fine paid to the Department of Economic Development, Environment & Tourism for illegal by	4 352 251  7 873 134  Amount  64 000  4 248 251  40 000  4 352 251	3 187 02 3 520 88
Fruitless and Wasteful Expenditure expenditure current year Condoned or written off by Council Transfer to receivables for recovery Unauthorised expenditure awaiting condonment  Incident Insurance claim repudiated due to expired public driver's permit (PDP) Interest charged by suppliers for late payments  Fine paid to the Department of Economic Development, Environment & Tourism for illegal bownship development at Elandshoek  Total fruitless and wasteful expenditure for the current year  43.3 Irregular expenditure  Reconciliation of Irregular Expenditure  Opening balance  Irregular expenditure current year Condoned or written off by Council	4 352 251  7 873 134  Amount  64 000  4 248 251  40 000  4 352 251	3 520 8 3 520 8 41 157 68 762 14
Fruitless and Wasteful Expenditure expenditure current year Condoned or written off by Council Transfer to receivables for recovery Unauthorised expenditure awaiting condonment  Incident Insurance claim repudiated due to expired public driver's permit (PDP) Interest charged by suppliers for late payments  Fine paid to the Department of Economic Development, Environment & Tourism for illegal bownship development at Elandshoek  Incident Insurance claim repudiated due to expired public driver's permit (PDP)  Interest charged by suppliers for late payments  Fine paid to the Department of Economic Development, Environment & Tourism for illegal bownship development at Elandshoek  Incident  Insurance claim repudiated due to expired public driver's permit (PDP)  Interest charged by suppliers for late payments  Fine paid to the Department of Economic Development, Environment & Tourism for illegal bownship development at Elandshoek  Insurance claim repudiated due to expired public driver's permit (PDP)  Interest charged by suppliers for late payments  Fine paid to the Department of Economic Development, Environment & Tourism for illegal bownship development at Elandshoek  Insurance claim repudiated due to expired public driver's permit (PDP)  Interest charged by suppliers for late payments  Fine paid to the Department of Economic Development, Environment & Tourism for illegal bownship development at Elandshoek  Interest charged by suppliers for late payments  Interest charged by suppliers for	4 352 251  7 873 134  Amount  64 000 4 248 251  40 000 4 352 251  41 919 802 1 276 523	3 520 88 3 520 88 41 157 68 762 14
Fruitless and Wasteful Expenditure expenditure current year Condoned or written off by Council Transfer to receivables for recovery Unauthorised expenditure awaiting condonment  Incident Insurance claim repudiated due to expired public driver's permit (PDP)  Interest charged by suppliers for late payments  Fine paid to the Department of Economic Development, Enviroment & Tourism for illegal paymship development at Elandshoek  Incident  Incident  Insurance claim repudiated due to expired public driver's permit (PDP)  Interest charged by suppliers for late payments  Fine paid to the Department of Economic Development, Enviroment & Tourism for illegal paymship development at Elandshoek  Incident  Insurance claim repudiated due to expired public driver's permit (PDP)  Interest charged by suppliers for late payments  Fine paid to the Department of Economic Development, Enviroment & Tourism for illegal paymship development at Elandshoek  Incident  Insurance claim repudiated due to expired public driver's permit (PDP)  Interest charged by suppliers for late payments  Fine paid to the Department of Economic Development, Enviroment & Tourism for illegal paymship development at Elandshoek  Incident  Insurance claim repudiated due to expired public driver's permit (PDP)  Interest charged by suppliers for late payments  Interest charged by suppliers	4 352 251  7 873 134  Amount  64 000  4 248 251  40 000  4 352 251  41 919 802  1 276 523  43 196 325  Amount	
Fruitless and Wasteful Expenditure expenditure current year Condoned or written off by Council Transfer to receivables for recovery Unauthorised expenditure awaiting condonment  Incident Insurance claim repudiated due to expired public driver's permit (PDP) Interest charged by suppliers for late payments  Fine paid to the Department of Economic Development, Environment & Tourism for illegal bownship development at Elandshoek  Incident Insurance claim repudiated due to expired public driver's permit (PDP)  Interest charged by suppliers for late payments  Fine paid to the Department of Economic Development, Environment & Tourism for illegal bownship development at Elandshoek  Incident  Insurance claim repudiated due to expired public driver's permit (PDP)  Interest charged by suppliers for late payments  Fine paid to the Department of Economic Development, Environment & Tourism for illegal bownship development at Elandshoek  Insurance claim repudiated due to expired public driver's permit (PDP)  Interest charged by suppliers for late payments  Fine paid to the Department of Economic Development, Environment & Tourism for illegal bownship development at Elandshoek  Insurance claim repudiated due to expired public driver's permit (PDP)  Interest charged by suppliers for late payments  Fine paid to the Department of Economic Development, Environment & Tourism for illegal bownship development at Elandshoek  Interest charged by suppliers for late payments  Interest charged by suppliers for	4 352 251  7 873 134  Amount  64 000  4 248 251  40 000  4 352 251  41 919 802  1 276 523  43 196 325	3 520 88 3 520 88 41 157 68 762 14

Total irregular expenditure for thecurrent year

		2012	2011
		R	R
43	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPE	NOITURE DISALLOWED (cont.)	
	43.4 Material Losses		
	43.4.1 Electricity losses		
	Electricity Purchased (KW)	651 031 239	656 296 079
	Electricity Sold (KW)	582 817 181	595 102 180
	Electricity losses in KW	68 214 058	61 193 899
	% Loss	10.5%	9.3%
	Unit cost per KW	R 0.45	R 0.42
	Electricity losses in Rand value	30 841 142	25 700 890
	43.4.2 Water losses		
	Water pumped and distributed (KI)	3 250 362	3 062 042
	Water sold (Ki)	2 334 338	2 108 203
	Water distribution losses in KI	916 024	953 839
	% Loss	28.2%	31.2%
	Average Cost per KI	R 2.61	R 2.48
	Water losses in Rand value	2 390 823	2 365 521

<sup>\*</sup> KW = Kilowatts

Opening balance

Current year payroll deductions
Amount paid - current year
Balance unpaid (included in payables)

Statistics for the Kabokweni area has not been included due to the lack of a 24 hours water supply which affects the metering system not to register properly.

#### 44 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT AND APPLICABLE REGULATIONS

Section 125 of the Muinicipal Finance Management Act No. 56 of 2003

Contributions to the South African Local Gov	ernment Association (SALGA)		
Opening balance Council subscriptions Amount paid - current Balance unpaid (included in payables)		2 645 417 (1 682 596) 962 821	1 649 930 (1 649 930)
Audit fees			
Opening balance Current year audit fee Amount paid - current year Amount paid - previous years Balance unpaid (included in payables) VAT	GE-OURIT -	95 518 2 943 589 (455 742) (2 552 414) 30 951	238 633 2 261 317 (314 821) (2 089 611) 95 518
Opening Balance Total Amount claimed from SARS during the year Total Amount received during the year Adjustments after 30 June Amount due to the municipality VAT input receivables are shown in note 5. All V submitted by the due date throughout the year.  PAYE and UIF	NAME	29 888 515 51 582 776 (80 423 072) 124 1 048 342	80 532 532 54 009 724 (103 804 253) (849 489) 29 888 515

The unpaid balance is the amount for June 2012 which was payable in July 2012

47 680 102

(43 828 463)

3 851 639

43 782 084

(43 782 084)

<sup>\*</sup> KI = Kiloliters= cubic metres (M3)

		R	R
4 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE REGULATIONS (cont.)	CE MANAGEMENT ACT AND A	PPLICABLE	
Pension and Medical Aid Deductions			
Opening balance			
Current year payroll deductions and Council Contributions		94 156 001	56 301 11
Amount paid - current year  Balance unpaid (included in payables)		(86 137 180) 8 018 821	(56 301 11
The unpaid balance is the amount for June 2012 which was payable	e in July 2012		
Section 124 of the Muinicipal Finance Management Act No. 56 of	of 2003 Councillor's arrear co	nsumer accounts	
	Less than 90 Days	90 Days and +	Total
The following Councillors had arrear consumer accounts as at 30 June 2012	:		
Councillor J A Mkhonto	420	26 951	27 37
Councillor S N Nyalunga Councillor B A Zulu	453	22 083	22 53
Councillor S R Mabuza	1 012	19 767	20 78
Councillor M S Magagula	326 578	18 127 16 582	18 45 17 16
Councillor V V V Nkosi	272	10 432	10 70
Councillor B N Mdluli	745	9 292	10 0
Councillor A Kumba	267	9 987	10 2
Councillor K E Maziya	28	3 034	3 06
Councillor T G Mabuza	187	1 520	170
Councillor M J Msibi	172	754	92
Councillor H L Thwala	52	745	79
Total councillors arrear consumer accounts	4 512	139 272	143 78
	Less than 90 Days	90 Days and +	Total
The following Councillors had arrear consumer accounts as at 30 June 2011	:		
CE DUDIE			
Councillor J A Mkhonto Councillor S N Nyalunga	209	24 680	24 89
Councillor S N Nyalunga Councillor B A Zulu	322 459	19 393	19 7
Councillor S R Mabuza	152	14 429 15 591	14 88 15 74
Councillor M S Magagula	885	13 172	14 0
Councillor V V V Nkosi /	127	8 980	9 10
Councillor B N Mdluli	288	7 249	7 5
Councillor A Kumba	385	6 907	7 29
Councillor K E Maziya	15	2 878	2 89
Councillor T G Mabuza	87	1 936	2 0
Councillor H L Thwata	79	442	52
Councillor N W Motubatse	477	44 757	45 23
Councillor V L Nzimande	208	17 844	18 05
Councillor T C Simelane DATUM/DATE	144	9 678	9 82
Total councillors arrear consumer accounts	3 837	187 936	191 77
Section 36 of the Supply Chain Management Regulations			
		07.547.405	25.050.00
Deviations from Supply Chain Management Delieu			
Deviations from Supply Chain Management Policy Total deviations from Supply Chain Management		27 547 405 27 547 405	25 958 892 25 958 892

Refer to Appendix E for details of the deviations

	2012	2011
	R	R
45 CAPITAL COMMITMENTS		
45.1 Commitments in respect of capital expenditure		
Approved and contracted for	166 596 275	197 427 656
Infrastructure	135 191 872	179 925 671
Community	27 950 240	11 308 362
Other	3 454 163	6 193 623
The expenditure will be financed from	166 596 275	197 427 656
Accumulated Surplus	47 149 594	57 874 278
External Loans	37 024 604	65 891 372
Government Grants	82 422 077	73 662 005
45.2 Operating Leases		
At the reporting date the entity has outstanding commitments under		
operating leases which fall due as follows:		
45.2.1 Operating leases - lessee		
Within one year	1 156 521	195 877
In the second to fifth year inclusive	1 984 128	566 427
After five years	•	-
Total	3 140 648	762 304
properties and motor vehicles. Leases are negotiated for an average term of five years. No contingent rent is payable.  45.2.2 Operating leases – lessor  Minimum lease payments due Within one year In second to fifth year inclusive After five years	2 275 995 3 034 660	2 275 995 5 310 655
Total	5 310 655	7 586 650
Operating Leases consists of the following:		
Certain of the municipality's property, plant and equipment is leased to the water concess	ionairo	
The rental amount after 5 years has not disclosed due to the 5 year periodical review.	ionand.	
6 RELATED PARTIES		
Members of key management and the remuneration thereaof are set out in Note 29.		
The remuneration of councillors and other in-kind benefits is set out in Note 30.		
The Municipality has an interest in Mbombela Economic Development Agancy (MEDA), va dormant Section 21 Company.	which is	
46.1 Related party balances		
There is no related party indebtness.		

Refer to note 43 regarding Unauthorised, Irregular, Fruitless and Wasteful expenditure disallowed for contracts awarded to own employees

46.2 Related party transactions

Contracts awarded to own Employees

Contracts awarded to close family members of municipal officials

1 553 320

224 957 1 778 277 102 250 102 250

2012	2011	
R	R	

#### 46 RELATED PARTIES (cont.)

#### 46.2.1 Contracts awarded to close family members of municipal officials

Name of a company	Name of Official	Relationship	Amount
Quick Fit Electrical Trading	HL Ground	Spouse	881 001
GM Sihlangu Construction	P J Sihlangu	Spouse	240 506
Happy People Trading	H Swart	Spouse	362 199
NtshoyasanaTrading	S E Bhiya	Spouse	9 109
Maxflow Trading	R Reingruber	Spouse	4 030
Dumanengidi Trading	M V Shongwe	Spouse	46 350
JVR Technologies	E P Janse Van Rensburg	Spouse	10 126
			1 553 320

#### 47 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Municipality has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Municipality's exposure to each of the above risks and the Municipality's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout the Annual Financial Statements.

#### Credit risk

Is the risk of financial loss to the Municipality if a consumer or counterparty to a financial instrument fails to meet its contractual obligations. Financial assets exposed to credit risk at year end were as follows:

- Consumer and other receivables
- Investments
- Loans receivable
- Cash and cash equivalents

#### Consumer and other receivables

The Municipality's consumer and other receivables exposure to credit risk is influenced mainly by the individual risk characteristics of each consumer. Consumer receivables comprise of services supplied by the Municipality such as water, sanitation and rates levied. The Municipality's exposure is continuously monitored. The Municipality establishes an allowance for impairment that represents its estimate of incurred losses in respect of consumer and other receivables. No consumer or other receivables have been pledged as security. Certain consumer and other receivables that were past due have been defaulted on by counterparties, thus legal action has been instituted against these parties in an attempt to recover this debt, where debt is irrecoverable it has been written off. No conditions or terms of the consumer and other receivables have been re-negotiated with counterparties.

#### Investments

It is the Municipality's practice to limit its credit risk by only investing in registered banks in terms of the Banks Act, 94 of 1990. Given the high credit ratings of these financial institutions the Municipality does not expect any counterparty to fail to meet its obligation.

#### Loans receivable

Other loans are monitored on an ongoing basis and only credit worthy counterparties are transacted with. No loans have been pledged as security. Certain loans that are past due have been defaulted on by counterparties, thus legal action has been taken in certain circumstances against the counterparties in an attempt to recover the loan. When loans become irrecoverable they are written off. No conditions or terms of the loans have been re-negotiated with counterparties.



2012	2011
R	R

#### 47 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont.)

#### Cash and cash equivalents

The Municipality limits its credit risk by only banking with registered financial institutions in terms of the Banks Act, 94 of 1990 operating in South Africa.

	2012	2011
	R	R
Maximum exposure to credit risk at reporting date was:		
Held-to-maturity investments	13 633 348	22 596 796
Cash and cash equivalents	35 792 008	15 773 122
Total maximum exposure to credit risk (excluding loans and receivables)	49 425 356	38 369 918
Maximum exposure to credit risk at reporting date for loans and receivables as por counter parties	s was:	
Consumer debtors and other receivables	79 700 885	72 164 674
Other receivables	10 071 171	15 057 577
Total maximum exposure to credit risk for loans and receivables		-
	89 772 056	87 222 251

#### 47 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

#### Impairment losses

All of the Municipality's financial assets have been reviewed for indicators of impairment. Certain receivables and investments were found to be impaired and a provision of <u>R 315 285 415</u> (2011: R 286 276 111) has been recorded accordingly. The impaired consumer receivables are mostly due from consumers defaulting on service costs levied by the Municipality. Refer to Note 3 for the impairment reconciliation of consumer and other receivables.

Some of the unimpaired consumer receivables are past due as at the reporting date. The age of financial assets past due but not impaired is as follows:

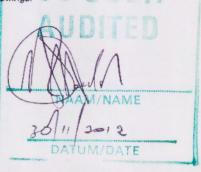
	2012	2011
	R	R
Not more than 180 days	45 658 857	40 467 628
More than 180 days but not more than 1080 days	132 694 221	128 303 332
More than 1080 days	136 932 337	117 505 151
	315 285 415	286 276 111
The ageing of impaired consumer receivebles at reporting date was as follows:	2012	2011
	R	R
Not more than 180 days	55 363 845	8 992 990
More than 180 days but not more than 1080 days		
More than 100 days but not more than 1000 days		
More than 1080 days  More than 1080 days	-	-

#### Market risk

Market risk is the risk that changes in the market prices, such as interest rates and equity prices will affect the Municipality's income or the value of its holdings of financial instruments.

#### Interest rate risk

The Municipality limits its interest rate risk on financial liabilities by ensuring that reasonable fixed interest rates are negotiated on long term borrowings.



		2012	2011
		R	R
,	FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continue)		
	At reporting date the interest rate profile of the Municipality's interest bearing financial instruments	was:	
	Fixed rate instruments Financial assets	139 197 312	125 592 169
	Financial liabilities	402 486 396	352 469 437
	Variable rate instruments Financial assets Financial liabilities		

Fair value sensitivity analysis on fixed rate instruments

The Municipality does not account for any fixed rate financial assets and liabilities at fair value through surplus and deficit, therefore a change in interest rates at reporting date will not affect surplus for the year.

#### Liquidity risk

47

Liquidity risk is the risk that the Municipality will not be able to meet its financial obligations as they fall due. The Municipality's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unauthorised expenditure. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored. The Municipality has not defaulted on external loans, payables and lease commitment payments being either interest or capital and no re-negotiation of terms were made on any of these instruments.

The following are contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

#### **48 CONTINGENT LIABILITIES**

	R
Damage Claims	687 563
Prollius F B / Mbombela Local Municipality (MLM) - A defamation claim against the municipality and certain employees (vicarious liability). Council is contesting the claim based on legal advice. A court date has been set for 14 November 2012. (2011: R 100 000)	100 000
Tshisaphungo T / Mbombela Local Municipality (MLM) - An unlawful arrest, detention and malicious prosecution by MLM traffic officers. Council is contesting the claim based on legal advice. A cout date has not been set. There are no merits to the claim. (2011: R 200 000)	200 000
Cooper G / Mbombela Local Municipality - An unlawful arrest and detention of a road user. Council is contesting the claim based on legal advice. A cout date for the hearing has not been set. There are reasonable prospects of MLM succeeding with its defence.	200 000
Telkom SA / Mbombela Local Municipality - A damage claim for a cable is made by the telecommunications company. The matter is being defended through an independent legal advice and there are reasonable prospects of MLM succeeding with its defence. A court date has not been set.	87 563
H C Chawane / Mbombela Local Municipality (MLM) — A damages claim due to water supply having been cut by Council. Council is contesting the claim based on external legal advice. A court date for hearing has not yet been set.	100 000

2011

		2012	2011
		R	R
48	CONTINGENT LIABILITIES (cont.)		
	Contract Claims	37 192 522	
	Ensemble Trading 546 LTD / Mbombela Local Municipality (MLM) - A procurement dispute — claim emanates from a cession of payment agreement which was not honoured by MLM. Council is contesting the claim based on legal advice. A court date has not been set. (2011: R 2 540 043)	2 540 043	
	SCINFIN (PTY) LTD / Mbombela Local Municipality (MLM) - Procurement dispute — claim emanates from termination of a service contract between Council and Gestetner, which was ceded to SCINFIN. Council is contesting the claim based on legal advice. A court date has not been set. (2011: R 535 358)	535 358	
	Basil Read (PTY) LTD / Mbombela Local Municipality (MLM) - Council is being sued for operational expenses incurred, goods delivered and services rendered. Council is contesting the claim based on legal advice. A court date has not been set.	768 506	
-	Department of Water Affairs / Mbombela Local Municipality - Unilaterally amended agreement for the provision of free raw water for 6 years period within the Niskazi/ Kanyamazane area. (2011: R 7 068 716)	11 510 110	
	BOTMAC Mbombela (PTY) LTD / Mbombela Local Municipality (MLM) Installation, use and maintenance of portable and stationary speed/red light cameras, scanning and collection service. (2011: R 19 788 505)	19 788 505	
-	R K Phelembe / Minister of Police and Mbombela Local Municipality (MLM) - High Court summons - unlawful arrest and defamation. (2011: R 2 050 000)	2 050 000	
	Total Contigent Liabilities	37 880 085	
49	CONTINGENT ASSETS		
	Contract Claims	10 734 119	
	Du Toit Smuts and Mathews Phosa Attorneys - Breach of contract for guarentees not sustained. (2011: R1 135 463)	1 135 463	
	Aurecon - Council is claiming for recovery of funds paid to a contractor on breach of contract for the scope not included in the contract for a bus route project. (2011: R 2 598 656)	2 598 656	
	Desert Wind Properties - Council is claiming for recovery of service contribution and breach of contract (2011: R 7 000 000)	7 000 000	
	Total Contigent Assets	10 734 119	
	* MI M = Mhombela Local Municipality		

#### \* MLM = Mbombela Local Municipality

#### 50 COMPARISON WITH THE BUDGET

Actual Amount on comparable basis as presented in the Budget and Actual Comparative Statement

Explanation of significant variances greater than 10%

Revenue:

Investment Revenue

The variance is as a result of the discounting of creditors in terms of International Accounting Standard (IAS) 39 in order to determine the ret present value as at 30 June 2012; this results in a non-financial interest revenue. The increase in debtors have also resulted in the increased interest on arrear accounts.

JOHN NAME
JOHN DATE

MBOMBELA LOCAL MUNICIPALITY
UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

# APPENDIX A

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		SCHEDO	LE OF IN ERES!	BEARING BORR	SCHEDULE OF INTEREST BEARING BORROWINGS AS AT 30 JUNE 2012	JUNE 2012		
Borrowings	Loan No.	Redeemable	Balance at	Interest paid	Interest	Received	Redeemed or	Balance at 30
			30 June 2011	during the	accrued during	during the	written off during	June 2012
				period	tne period (Not Paid)	period	tne period	
			œ	æ		œ	æ	æ
INTEREST BEARING Local Registered Stock	ock							
Stock Loan@ 11.60%	9	1976/2001	3 000	1		-	-	3 000
			3 000	•		•		3 000
Annuity Loans								
ABSA R14 350 000 @13.10%	@13.10%	2002/2012	3 140 238	277 648	,	1	2 303 212	837 026
DBSA R22 000 000 @15.50%	@15.50%	1998/2016	14 942 817	2 168 129	-68,504		1816505	13 057 808
DBSA R200 000 000 @ 12.62%	@ 12.62%	2010/2030	152 401 979	9 344 384	9 005 024	28,418,310	4 169 089	185 656 224
STD R25 000 000 @ 10.50%	10.50%	2005/2020	18 345 552	1,047,983.00	970,665	1	594 080	18 722 137
			188 830 586	12 838 144	9 907 185	28 418 310	8 882 886	218 273 195
TOTAL INTEREST BEARING BORROWINGS	EARING BORF	ROWINGS	188 833 586	12 838 144	9 907 185	28 418 310	8 882 886	218 276 195

Part		-			-								-	_		
Decision							ANALYSIS OF PRO	APPENDIX B SPERTY, PLANT & EQUIPA	KENT							
The control of the					H	TORICAL COST					ACCU	MULATED DEPRECIATI	16			
		H	L		ddittons, Transfers	Under Construction	Oisposals	Closing Balance 30	Opening Balance 01	Correction of error	H	H	Transfers	H	-	Carrying Value
					Œ	OE.	E	2	-		×		E	E		æ
	AND BUILDINGS	011,820,558			11,802,894	4,802,611		128,626,982			4.2.	24,841		1,867.		674,276,480
The contribution of the	ate busings and other	39,325,148			9,390,357	3,351,511		50,166,405			1,52	7,954		1,967		43,675,351
Control of Control o																
Company of the control of the cont	TRUCTURE	4,102,B44,61B			31,372,975	128,281,724		4,290,801,217			190,70	21,862			1,061,827,468	3,208,873,748
Particle	pavements, bridges & stormwater	1,583,481,472		*	20,440,181	54,722,252		1,668,643,305			107,520	3,297	-		547,714,867	1,120,828,037
1	servors & religibilition to this terminals & last ranks	1,284,022,927			4 130,963	39,122,851		1,327,276,731	282,935,788		38.40	3.416			289 339 209	1,037,837,526
The contribution   The contrib	A Later territories or territories	559,376,476				22,535,527	-	591,912,002	84,255,265		20.066	1,751			104,321,017	477,550,565
1   1   1   1   1   1   1   1   1   1	e purification & refliculation	686,066,645			6,801,841	9,901,094		682,766,560	83,547,992		. 28.70	4.387	-		- 110,252,360	572,516,200
No.	Built															
1   1   1   1   1   1   1   1   1   1	10%															
1	in planning & generopment)			-			-									
1	ITY ASSETS	1,267,522,781			458.391	1,812,763		1,360,307,426			72,64	802'81			165,676,024	1,188,731,402
10	Tiens	33,316,257			•			33,316,267			15	2,967			633,628	32,682,629
1   1   1   1   1   1   1   1   1   1	hale	28 300 460			. KAR ROLL	1 305 111		30 342,462			71,16	4,902			4,552,636	25,789,828
1		5,924,047						5,924,047	492,328		. 229	0,400			712,728	5,211,319
1   1   1   1   1   1   1   1   1   1	/ facilities				•											100 000
19   10   10   10   10   10   10   10	ar goleries	07/029							Dac age			6.045			- C07'C07	455,353
1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,		13,620,418						13,620,418	1,848,573		- 303	8,019		,	2,051,892	11,568,526
1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,	INT PROPERTIES	242,078,325					11,101,968	790,778,085	9,184,395		2.405	2,604		1,801,728	8,867,272	341,310,086
1	ES	11,716,483						11,716,483			28	17,842			4,378,848	7,335,534
The control of the	d other	7,124,915						7,124,915			. 26	7,862			4,379,949	2,744,968
The control of the		4,590,066		-	*		-	4,580,588		-	-		-	-		4,590,569
Control	AL ASSET															
Page 10   Page	SETS	142,855,838		,	23,380,186			138,216,004	71,814,844		13,64	044,890			88,390,834	100,886,070
20,000   2	veholes	89,231,051		,	12,355,000			101,566,051	34,099,886		211.8	2,953			42,212,639	59,373,212
17.7.04   17.7	ment	75.877.967			7 131 071			32,999,930	15,367,714		1 828	5 R33			17,196,547	15,600,391
1,000,309   1,00		272,486	-					272,498				3,955			. 71,479	200,017
Column   C	stures (including fencing)	387,955						367,955				. !			363,139	4,616
	in her				9,000,0						300	GAZ O				
4,051,105 4,000,	SED VEHICLES	39,828,418			4,131,168			44,009,694	7,880,619		269	1,437			11,886,086	32,213,626
CANTER   C		14,661,554						14,661,554	5,325,199		1,600	0,560			6,933,753	7,727,802
6.646,702,200		4,381,086			4,131,168			4,381,066	1,407,962		2,186	0,216			3,127,686	2,586,419
											-	-				200 000
		028782782			1.0400000	100,000,000		700'018'740'4								
17.000.00 (1.00.000.00.00.00.00.00.00.00.00.00.00.0	ssets	444,006						844,068			7.	18,029			362,408	61,678
. TACKINE 122.BM.MT	pmeni	Dam'/ Last						00000000			34	670'0			200, 400	0.00
		8,649,739,005			71,424,083	132,884,887		6,842,957,118			. 290,11	18,423				6,483,766,836

Thinders   Disposels   Disposels   Chebrical					HISTORICAL COST								ACCUMULATED DEPRECIATION	RECIATION				
Mathematical particular properties   Mathemati		Opening Balance 01		Н		Correction of	H			-	mechan of error	Transfers				-		Carrying Value
The contribution of the		C.		æ	æ		ĸ	200 000		R. Comments	200 000				ĸ	æ	E	œ
	Core and a building and ofter	572 462 283				147	-	815 500	572 595 410	38 152 782	ing and	-	4 970 648		-	-	- 40,000,000	770,582,077
	Land State	31.812.777		7.5					39,325,148	2,174,167	405,237		516.646				3,096,050	36,229,098
	INFRASTRUCTURE	3,858,749,828		78.0		10			4,102,946,519	874,848,530		(642,755)	186,638,342				- 980,825,617	3,242,030,802
December	Roads, pevements, bridges & stormwater	1,531,714,690		4,01		06		*	1,590,481,472	332,450,217			107,726,353				. 440.186,570	1,163,294,902
Decision	Wester reservoirs & retoulation	1,190,007,726		10.4		10			1,264,022,927	217,086,377			35,870,411				252,935,786	1,031,087,138
Profession   Pro	Car parks, but terranels & teo ranks	SDE 370 646		20.00		. 00			869 376 475	45 120 187		1127 52011	10.263.808				- 200 200 000	200 000 000
	Severage purification & reliculation	628.566.796		31.7		96			888,065,845	60 194,748		(435,226)	23,788,470		-		83.547.992	582 517 669
	Housing																	
MERC         CATATORNIA         CATATORNIA <td>Street lighting</td> <td></td>	Street lighting																	
Math         Control         C	Relute sites	*																
688 0         CHANGING COLUMN	Other (town planning & development)							-					,					
	200000000000000000000000000000000000000	1 000 187 000		****					4 957 807 784	144 469 774			*********			-		
Math         Control         C	Contract of the contract of th	29 3-6 3-6	2,784,642.00						22 242 257	501 804		-	70,000,000	-			910,020,018	1,200,811,400
6887         CHYLOGET         10         CHYLOGET         10         CHYLOGET         10         CHYLOGET	Takes a gardere	20,010,000 20,010,000		4.64	80 949	-	H-1	-	4 200 445 024	100 100 m			100,000				1997/90	32,748,568
	Oppose series	20.202.02	6 340 000 00						28 300 480	9.00 7.00 9			676 448				20,174,846	7,163,964,128
147   147	Totalies.	2.467.485	3 456 562 33		7,002,0	8			5 924 047	394 095			CR 292		-	-	200,000	A 471 710
1964   1964	Repressional labilities																2000	
1,10,10,10,   1,10,10,10,10,   1,10,10,10,10,   1,10,10,10,10,   1,10,10,10,10,10,10,10,10,10,10,10,10,10	Chrice	517,625							517.625	233,301			26,045				259,346	258,279
1,000,000   1,00	Muscums & ad gallenes																	
1975   1975	Cementaries	13,620,418	-	-	-		-	-	13,620,418	1,645,254			203,319				1,846,573	11,771,845
1995   1995	INVESTMENT PROPERTIES	410,839,326	(48,580,000.00)						342,079,325	6.198.096			2,868,300				1,166,385	352,912,930
	INTANGILLES	6,736,624		N's		737			11,716,483	3,386,791			222,296				4,112,087	7,803,386
144,200,000   144,000,000   144,000,000   144,000,000   144,000,000   144,000,000   144,000,000   144,000,000   144,000,000   144,000,000   144,000,000   144,000,000   144,000,000   144,000,000   144,000,000   144,000,000   144,000,000   144,000,000   144,000   14	Schweife and Office Scottlidge	010,127,8 010,127,010		4					4 590 568	2 065, (37)			277.750				4,112,087	3,012,928
				0.00	night a						-							2,000,000
14,000,000   14,	BIOLOGICAL ASSET							Ц	•									-
1,10,10,10,0,   1,10,0,0,0,   1,10,0,0,0,   1,10,0,0,0,   1,10,0,0,0,   1,10,0,0,0,0,   1,10,0,0,0,0,0,   1,10,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,																		
	OTHER ASSETS	148,330,080	596,368.00	14,1	966.963	76,673			102,865,838	60,217,062			11,696,989	89.048			71,814,944	81,040,836
27.10 Sept. 2011 Sept.	Other motor vehicles	82,729,348		6.5	77,276	2007			89,234,051	26,771,127			7,387,807	69,048			34,099,886	55,131,165
17.7 Act	Calina actual control	22,762,660	535,368,00	262	9039			1	25,877,967	14.220.766		-	1.146.915				15.367.714	10 610 069
100   100	Markets	272,488							272,486	83,568			8,955				62.523	206,973
1,12,12,12,13   1,12,12,13   1,2,12,13	Security measures (including fending)	387,955							387,866	303,139							363,139	4,816
Autorities   Aut	Other (including IT)	42,177,821		45	08.748				47,086,369	18,788,419			3,113,262				21,801,891	25,184,688
ALTRO DEPORTED         SOURCE STATES         ALTRO DEPORTED         SOURCE STATES         CARRESTOR         ALTRO DEPORTED																		
TATE OF THE ORDER OF	SPECIALISED VEHICLES	30,384,341		0.0	174,075				39,838,418	5,213,863			2,488,886				7,880,619	32,267,787
1427 2019 Absolute         1422 2018 Absolute         1422 20	Refuse	14,661,554							14,681,554	3,716,830			1,608,569				5,325,199	0,336,355
TALE         TALE <th< td=""><td>Conservancy</td><td>4,381,066</td><td></td><td></td><td></td><td></td><td></td><td></td><td>4,381,086</td><td>1,021,217</td><td></td><td></td><td>386,685</td><td></td><td></td><td></td><td>1,407,982</td><td>2,973,054</td></th<>	Conservancy	4,381,066							4,381,086	1,021,217			386,685				1,407,982	2,973,054
444.088         444.088         178,003.33 <td>Fire</td> <td>11,221,721</td> <td></td> <td>9.6</td> <td>74,075</td> <td></td> <td></td> <td>-</td> <td>20,835,736</td> <td>478,018</td> <td></td> <td>-</td> <td>471,422</td> <td>-</td> <td></td> <td></td> <td>947,439</td> <td>19,948,356</td>	Fire	11,221,721		9.6	74,075			-	20,835,736	478,018		-	471,422	-			947,439	19,948,356
ANAMES 444,000 C \$330,000 DO \$130,000 DO \$	SUB TOTAL	6,380,181,286	(38,228,070,00)	120,6		3		916,590	6,648,293,920	806,168,102	-		282,861,921				1.088.784.458	5.580.509.462
Absortes         4444,088         148,029         148,029         1         25,4379           11070001         4240,088         16,530         16,530         1,69,530         1,69,530         1,69,531           11070001         43,530,070,00         178,603,333         1,88,400         4,64,628         1,08,530         1,08,501,827										The state of the s						- Company		
44.004 44.004 44.004 44.004 44.004 44.004 44.004 44.004 44.004 44.004 44.004 44.004 44.004 40	Lenned Asserts	444,088					,		444,089	99,350			148,028				234,378	206,707
6,390,594,342 (33,20,070,90) (32,40,463) (78,60,50,50) · · · · · · · · · · · · · · · · · · ·	Office equipment	444,098							444,086	86,350			149,029				234,379	200,707
ANTHORNY -	TOTAL	CAP 3FR 08F 3		9 003			-	015 210	2 649 778 005	IIDE DAE AED			CON BEE BED		-	-		
	TO THE	washing laggers			ı	23	-	2201212	Albani's and a				And and and and				1,000,010,000,1	900,017,090,0

	VE 2012		Explanations of significant variances greater than 10% versus budget										
	ENDED 30 JUN	£	Variance %	54.10%	65.80%	22.08%	29.82%	87.86%	36.95%	56.29%	57.67%	34.49%	50.67%
٨	ENTS FOR THE YEAR	PLANT AND EQUIPMEN	Variance R	17,880,218	2,641,231	4,552,817	2,393,444	966,388	15,258,077	96,805,586	57,506,973	11,866,101	209,870,837
MBOMBELA LOCAL MUNICIPALITY	INAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012	APPENDIX C ACTUAL CAPITAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)	Budget R	33,052,699	4,013,980	20,618,202	8,024,978	1,100,000	41,296,873	171,968,019	99,715,539	34,401,628	414,191,918
MBOMBELA LO	DULE TO THE ANNUA	API ERSUS BUDGET (ACQU	Total Additions R	15,172,481	1,372,749	16,065,385	5,631,534	133,612	26,038,796	75,162,433	42,208,566	22,535,527	204,321,081
	EMENTARY SCHE	ACTUAL CAPITAL V	Under Construction R	4,155,638		2,836,011		133,612	9,846,598	28,198,998	39,122,851	22,535,527	106,829,235
	UNAUDITED SUPPLE		Actual R	11,016,843	1,372,749	13,229,374	5,631,534		16,192,198	46,963,434	3,085,715		97,491,847
				Finance & Administration	Planning and Development	Community and Social Services	Public Safety	Sports and Recreational	Waste Management	Roads Transport	Water	Electricity	TOTAL

# UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

APPENDIX D

(DEFICIL)
(24,718,975)
252,671,668
(50,005,126)
(7,463,031)
(42,733,187
(38,673,911
(105,067,019)
(51,131,780)
(121,106,053)
(61,782,177
(14,850,873)
47,583,083
(217,277,381)
5,125,757
(212,151,624)

#### UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

#### APPENDIX E

Name of Company	Emergency	Single Provider	Exceptional	TOTAL
RR Travel		201,095		201,095
4 Wheeler t/a Mbombela plant	-		2,025	2,025
A.J Broom Road Products cc	-	-	122,704	122,704
A.L Spinney Trading CC	-	-	2,500	2,500
Abakwanvuleni Trading CC	-	-	32,250	32,250
Astom Nolanzuit (Pty) LTD	-	-	44,400	44,400
Actom Nelspruit (Pty) LTD Adrian Labuschagne Land Surveyors	-	-	446,524	446,524
Agri Operation LTD		-	20,862	20,862 2,899
Aim Training Academy		-	2,899 32,701	32,701
Air Liquide ( PTY ) LTD	1,188	-	1,748	2,937
All Golf Group	1,100		20,174	20,174
Alphata Mbuso Trading CC	-	-	3,180	3,180
Altec Auto Electrical	-	-	3,444	3,444
Alu CAD Design cc	-	-	48,588	48,588
Amadwala Trading 793 CC	-	-	10,300	10,300
Amber Cascades Trading CC	-	-	850	850
Amber Electrical CC	-	-	105,455	105,455
AMEU (Pty) LTD		-	6,240	6,240
Anjusign Pty Ltd t/a Qprint	-	-	87,313	87,313
Aoc Geomatics (Pty)Ltd	-	-	696,277	696,277
ARB Electrical Wholesalers	-	-	116,091	116,091
Armco (Pty) LTD	-	-	4,494	4,494
Asongeni Build It	-	-	42,648	42,648
ASW Andre Steel & Welding	-	-	12,369	12,369
Atlas Plastics (Pty) LTD	-	-	24,122	24,122
Avusa Media Limited	-	-	481,839	481,839
Babcock Equipment	-	-	12,470	12,470
Bamal Trading cc		-	29,000	29,000
Bambata pumbs (pty) ltd	-	-	134,907	134,907
Barbous Trading cc	-	-	2,400	2,400
Barloworld Equipment	-	-	121,764	121,764
Barprint (Pty) LTD	-	-	8,881	8,881
Barry theron electronics t/a electronics design	-	-	7,809	7,809
Battery Centre Beckers Electrical CC	-	-	648	648
Bedlocks Trading CC	-	-	83,142 3,750	83,142 3,750
Bell Equipment	-	-	349,101	349,101
Bently sustaining infrastructure	_	22,360		22,360
Berco Express (Pty) Ltd		-	7,906	7,906
Bhosima Electrical & Construction	-	-	674,811	674,811
Big O Trading	-	-	149,306	149,306
Birchwood Hotel	-	-	2,502	2,502
Black Brother Production	-	-	4,300	4,300
Bobs Trading and Construction CC	2,850	-	2,850	5,700
Bokile construction and projects	-	-	17,784	17,784
Bongiskhumbuzo Trading CC	-	-	33,092	33,092
Bowcom (Pty) LTD	-	-	97,856	97,856
Brondal Group	-	-	38,810	38,810
Budget Van and truck rental	-	407.005	48,114	48,114
Bulk main Northern region ( SA Post Office)	-	167,365	9.250	167,365
Bundu Country Lodge	-		8,250 7,011	8,250 7,011
Business Presentation skills	-	-		53,149
C.J Hatting & Sons cc Cam Track (Pty) LTD	-	-	53,149 95,760	95,760
Canon Masakhane	-	-	8,972	8,972
Cater Provider Trading CC	-	-	5,130	5,130
Cedzabutfongo Trading CC	6,800		5,150	6,800
Changel Construction CC	0,000		12,551	12,551
Chaos Mash Trading CC	13,242	_	23,034	36,276
Chem-tec chemical services CC	10,242		530	530
Ck Plumbing and general suppliers		-	46,103	46,103
Clifford Technical Services CC		-	32,775	32,775
Computer Foundation	-	_	18,000	18,000
Conway general supplier			6,866	6,866
Compass Game Park services			16,000	16,000
Costa do sol resturant			176,241	176,241
Coth Trade 041 cc t/a SNF Suppliers			82,718	82,718
TTO THE OTHER PROPERTY OF THE			02,110	10,260

#### UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

#### APPENDIX E

Name of Company	Emergency	Single Provider	Exceptional	TOTAL
Crawleys locksmith			267,654	267,654
Cruse Bushclearing Enterprise cc	-	-	221,693	221,693
CV & Propshaft Exchange Services		-	22,258	22,258
Cyrus Projects CC	-	-	1,650	1,650
D & P Chemical Distributors T/A Winmar	-	-	35,742	35,742
D Mac Hydraulics & Engineering	3,575	-	505,070	508,645
Damelin Lowveld	-	-	17,984	17,984
Dawson & Dobson (pty)LTD	20,563		70,893	91,456
Deeds web	-	-	516	516
Defacto investment 130 ( pty) ltd T/A NELSPRUIT MI	-	-	2,080	2,080
Democracy Development Programme	-	-	3,000	3,000
DHL International (Pty) LTD	-		13,325	13,325
Diesel Electrical Services CC	-	-	25,862	25,862
Dikwerekwere Trading CC	-	-	16,400	16,400
Diebenkomo Trading CC	-	-	4,600	4,600
Donsa Sawoti General Trading CC Dr R.I Gangat	-	-	7,500	7,500
DT Shisela Trading CC	-	-	1,000	1,000
	-	-	5,050	5,050
Du Toit Smuts & Mathews Phosa Attorneys Dudu Chiloane	-	-	49,772	49,772
	-	-	1,200	1,200
Eagle Owl Fencing CC Earth 2 Earth CC	564	-	683	1,247
	-	-	13,550	13,550
Eastern Transvaal Rubber Stamps CC	-	-	12,867	12,867
EFES trading enterprise	-	-	3,200	3,200
Electra Trading CC Electrical C C	-	-	5,620	5,620
	71.047	-	23,427	23,427
Electro Systems CC	74,207	-	109,402	183,609
Elester Kent Metering PTY LTD	-	-	196,342	196,342
Eliperty Trading Enterprise CC	-	*	2,200	2,200
Emaseko Lamastaftu	-	-	5,000	5,000
Exclusive Books	-	-	3,309	3,309
Farm City Nelspruit	-	-	3,589	3,589
Feelings & Thoughts	-	-	490	490
Felicide Trading	4,845	-	9,782	14,627
Fever Tree Nursery CC	-	-	32,109	32,109
Fintech	-	-	1,710	1,710
Fire Protection Association	-	-	5,535	5,535
Fleet Street Publication (Pty) Ltd	-	-	1,507	1,507
Forek Institute of Technology	-	-	23,750	23,750
Forms Media Independent Africa	-	*	128,261	128,261
Funchal Rest	-	-	7,921	7,921
Gallagher Electric fence	-	-	764	764
Garden Creation CC		-	7,700	7,700
Geoff Millar	-	-	4,240	4,240
Gijima Agriculture Supplier		-	8,400	8,400
Gimbers building construction	-	-	3,800	3,800
Global Africa Network	-	-	72,960	72,960
GM Sihlangu construction CC	2,500	-	6,800	9,300
GMHM Construction and project trading	-	-	1,800	1,800
Gold Bomber 7 trading CC	-	-	29,175	29,175
Grace Sikutu	-	-	800	800
Green Cross (Pty) LTD	-	-	6,808	6,808
Gunther Bush Clearing CC	-	-	79,253	79,253
GZX Business Enterprise	-	-	70,000	70,000
H20 International	-	-	285	285
Hamilton Hydraulic Services cc	-		4,710	4,710
Hasler Business Systems		50,485	-	50,485
He & She Driving School	-	-	17,226	17,226
Hengue 2360 BK Nelspruit Crushers	-	-	93,081	93,081
Henque 3670 cc T/A JJ Hydraulics	-	-	3,179	3,179
Henque 1352 Trading	-		51,670	51,670
Hi Tech Fertigation	-	-	19,660	19,660
Hi Tech Milnex 411cc		-	378	378
Hitachi Construction Machinery SA	-	-	36,343	36,343
Hiatshwayo R.P	-	-	1,600	1,600
Homer Neethling	5,000	-	1,175	6,175
Honda Nelspruit	2,947	-	25,011	27,958
Hotel Numbi & Garden	-	-	4,800	4,800
Humantech (Pty) LTD	-		33,000	33,000

#### UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

#### APPENDIX E

Name of Company	Emergency	Single Provider	Exceptional	TOTAL
Hydro Doors ( Pty) LTD	5,114	-		5,114
Hydrolic & Engineer ( Pty) LTD	-	-	1,083	1,083
Illuminate Trading CC	-	-	8,014	8,014
Imperial Lexus Nelspruit	3,159		63,291	66,450
Imsimbi Training		-	5,358	5,358
Imvelamphandla Trading cc	3,370	-	-	3,370
Indambi General Trading	37,460	-	11,420	48,880
Independent Newspaper (Pty) Ltd	-	-	2,639	2,639
Indumiso Amen glory general trading	-	-	8,340	8,340
Induna Power Products	-	-	8,330	8,330
Ingwenyama Confrence & Sport resort	-	-	97,215	97,215
Insikakho General Trading CC	-	-	5,350	5,350
Intelligence Transfer Centre CC	-	-	42,175	42,175
ntergrated Fire Security	-	-	6,940	6,940
Intergrity Control System ( Pty)LTD	-	-	4,931	4,931
philile General Trading CC	-	-	206,907	206,907
Isu Lempilo Trading CC IT Mokoena Trading CC	-	-	24,500	24,500
TJ Import Trading CC	-	-	800	800
J&M Business security cc	-	-	21,956	21,956
J. Louis Van Rooy	*	-	121,266	121,266
James Fakude	*	-	33,060 5,500	33,060 5,500
Janny & Thembi Trading CC		-	29,788	29,788
Jetline Trading Sonpark		-	139,678	139,678
JJ Hydraulics CC	115		1,453	1,568
Johan Sauer Actuaries & Consultants	-	-	20,520	20,520
John Maytham Investment CC	-	-	96,572	96,572
Jojo Mhlanga Trading CC	-	-	7,640	7,640
JT Distributors	-	-	16,769	16,769
Juta and Company Ltd	-	-	418	418
Karino Concrete	-	-	72,414	72,414
Karino Wholesaler		-	8,052	8,052
Keils toilet hire and Enterprise	-	-	6,450	6,450
Kenfan Trading CC	11,920	-	13,650	25,570
Kgotso Edward Construction CC	3,900	-	-	3,900
Khaya LED	-	-	9,092	9,092
Kit Group Nelspruit Riverside	-	-	4,891	4,891
Kleenprint CC		-	8,101	8,101
Koketso Trading CC	-	-	9,197	9,197
Kokkie EE	-	-	5,000	5,000
Komatsu S.A	-	-	95,833	95,833
Kopizone digital print & copy	-	-	7,665	7,665
KPMG Service (PTY) Ltd	-	-	31,304	31,304
Kruger-Moeletsi Attorneys	-	-	378,153	378,153
Kruger National Park	-	-	6,224	6,224
Kuhle Transport Services	*	-	11,424	11,424
L K Hydraulic services CC		*	4,055	4,055
L.M Trading CC	•	-	400 19,855	400 19,855
Labserve (Pty) Ltd Laeveld Bouhandelaars	-	-		1,421
Lakehore Trading 175 cc T/A Electro control		-	1,421 3,618	3,618
Landis & GYR (Pty)Ltd		-	505,531	505,531
aser market			4,154	4,15
Lawrence Likhuleni		-	832	833
Ledusa Trading Enterprise	26,750	-		26,750
enfik Trading CC	20,100	_	900	90
enzo Trading CC		-	4,902	4,90
ethabo Transport for hire CC		-	1,960	1,96
FP Agricultural & Construction Equipment	-	-	2,648	2,64
Lift + shift Nelspruit	-	-	540	54
Ligwalagwala fm	-	-	30,096	30,096
_indi & Menzi Trading CC	-	-	12,900	12,90
Lindiwe General Maintanance		-	24,500	24,50
Lithotech sale Pretoria	-	+	20,734	20,73
Livewire Engineering & consultant	-		239,004	239,00
Liwinile General Maintanance and construction	-	-	19,300	19,30
LMA Electrical CC	-	-	8,797	8,79
Loss Liquor store	-	-	10,318	10,318
Lowved Chamber of Business & Tourism		_	1,500	1,500

#### UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

#### APPENDIX E

Name of Company	Emergency	Single Provider	Exceptional	TOTAL
Lowveld & Escape fire protection association	-	-	67,518	67,518
Lowveld Brake Tading CC	13,011	-	-	13,011
Lowveld Electrical Trading CC	-	-	88,493	88,493
Lowveld Garage Equipment			4,022	4,022
Lowveld Lifesaving club	-	1,800	-	1,800
Lowveld Maintenance and Plumbers CC	8,607		31,390	39,997
Lowveld Media ( MP news & Lowvelder)	-		822,219	822,219
Lowveld Office Automation (Pty) Ltd		-	1,383	1,383
Lowveld ready mix	-	-	26,283	26,283
Lukhaya Security Services	-	-	28,800	28,800
Lwandle Lethu Trading Enterprise	-	-	13,201	13,201
M J Sibiya Construction	-	-	250	250
M.Q Maripane S.A Sign Language interpreter	-	-	4,000	4,000
MA IF Trading CC	-	-	353,851	353,851
Maagy's Trading CC	-	-	6,400	6,400
Mabhelengwane Trading CC	-	-	14,167	14,167
Mabuza and Sons Trading CC	-	-	14,050	14,050
Macbeth Ncongwane Attorneys	-	-	259,201	259,201
Madman Trading CC	-	-	10,000	10,000
Mafundo Status Trading CC	-	-	8,250	8,250
Magobheni Trading CC	-	-	2,200	2,200
Mahiya Trading CC	-	-	6,230	6,230
Mahlasedi Trading CC	-	-	4,449	4,449
Makheti's Trading CC	-	-	74,556	74,556
Malindza Trading Enterprise CC	13,950	-	59,350	73,300
Maliwavela Trading CC	9,097	-	-	9,097
Mandla Nhlapho	-	-	2,400	2,400
Mapondo Status Trading CC	-	-	4,400	4,400
Marce Marketing t/a Marce fire fighting Technology	-	-	57,466	57,466
Marks Plumbing CC	935	-	2,541	3,476
Marumo Fatsi Trading CC	-	-	3,600	3,600
Marwin Trading Enterprise CC	6,165	-	-	6,165
Maseko B Lucas Professional Accountant  Mashmas General Trading CC		-	352,804	352,804
Masikhane Civic Construction CC		-	24,057	24,057 6,000
Masinyamise Trading CC	6,000	-	2,840	2,840
Masireni Trading CC			2,100	2,100
Mayuthela Womans Construction CC	20,190	_	2,100	20,190
Maxflow Irrigation CC	20,130		4,030	4,030
Maxluck Business Solution			145,594	145,594
Mazundu Security		-	3,200	3,200
Matjeya Bricks And Construction CC	-	-	38,688	38,688
Mculu Incorporate	-		83,338	83,338
Mdlavuza Trading Enterprise	3,100	_	8,350	11,450
Mdwane Trading CC	11,480	-	-	11,480
Mdzabula Business Project		-	1,650	1,650
Mega Hydraulics		-	5,943	5,943
Mega Repairs and Trading CC	-	-	1,250	1,250
Menaba Development CC	-	-	49,248	49,248
Merlin Gerin SA			60,021	60,021
MG Nkosi	-	-	1,000	1,000
Mgomezulu & Cohn Recruitment ,placement & training	-	-	228,000	228,000
Mgwangwa's sound and audio visual and projects		-	16,193	16,193
Mhlengwa Transport CC		-	125,083	125,083
Mica Nelspruit	-	_	1,599	1,599
Milton sibusiso shongwe			400	400
Minatlou Trading 205 CC		-	2,800	2,800
Minuteman Press		-	15,873	15,873
Mjambula Construction CC		-	10,000	10,000
Mlambo Mbuyane Trading CC			900	900
Mlimi M.W			450	450
Mlotana Business Enterprise		_	1,800	1,800
Mnisi S.			400	400
Mnoluzi Electrical CC		-	23,114	23,114
Model Electric (Pty) Ltd	4,959	-	5,472	10,431
Mondlane Daniel J	-,,550	-	832	832
Mozmas Trading CC	21,207	-	-	21,207
Mphakatsi Electrical cc	-	-	18,150	18,150
Mphenyatsatsi Suppliers and Projects cc	19,500	-		19,500

#### UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

#### APPENDIX E

Name of Company	Emergency	Single Provider	Exceptional	TOTAL
Mpumalanga Cold Mix	-		20,520	20,520
Mpumalanga Copiers	-	-	10,066	10,066
Mpumalanga Perfomance Arts Laboratory		-	29,600	29,600
MR I.T Brown (photo shot)	-	-	2,160	2,160
Mr Robert lekhuleni	-	-	400	400
Mshabile Trading CC	-	-	800	800
Mshengu Mabuza Investment CC	-	-	850	850
Msindazwe Project Management	-	-	6,840	6,840
Msogwaba Traditional council	-	-	10,000	10,000
Multichoice acc	-	6,508	-	6,508
Mpumalanga province Aquastic	-	29,936	-	29,936
Murariko Arts and culture project	-	-	32,100	32,100
Mutla Trading CC	12,486	-	-	12,486
Mvelobantu Trading CC	_	-	241,231	241,231
My Office Trading	-	-	10,279	10,279
Mdzabuko Investments (Pty) Ltd	-	-	4,100	4,100
MZL CT Trading CC	2,300	-	-	2,300
Mzombath General Trading CC	-	-	21,000	21,000
N.A Nkosi	_	-	1,600	1,600
Nandos Hazyview	-	-	658	658
Nashua Lowveld	-	-	17,372	17,372
National Circulation	-	-	3,515	3,515
NBH Springs	5,352	-		5,352
Ncetshe Construction cc	12,184	-	18,063	30,247
Nel signs	-	-	1,125	1,125
Nel Trophies cc		-	47,292	47,292
Nelspruit Auto Electrical	22,600	-	178,931	201,531
Nelspruit Battery Warehouse	-	-	21,600	21,600
Nelspruit Brake & Clutch	582	-	_	582
Nelspruit Crushers	_	-	11,496	11,496
Nelspruit Fuel Injection & Auto Electrical	3,845	-	12,032	15,877
Nelspruit Mica home ware house	-	-	2,980	2,980
Nelspruit Radiators	-	-	1,060	1,060
Nelspruit Rugby Stadium	-	-	25,000	25,000
Nelspruit Vehicle Protection Services	-	-	1,140	1,140
Network Occupational Health Services	-	-	80,199	80,199
Ngamane Construction	-	-	15,920	15,920
Ngobe-Nkosi Attorneys	-	-	229,516	229,516
Nguluzana Investment	8,650		-	8,650
Ngwenyama G.X		-	1,600	1,600
Nhlasa Trading CC		-	2,900	2,900
Nigel Fernsby	-	-	1,835	1,835
Nkosi Attorney & Associates	-	-	23,598	23,598
Nmankayi Consulting	4,788	-		4,788
Nola Trading Company	-	-	2,340	2,340
Nombuso communication	-	-	111,900	111,900
Nortech International		-	28,542	28,542
NOSA (Pty) LTD		-	57,658	57,658
Noshcom 2011			21,432	21,432
Nothesa Manufacturing	-	-	3,115	3,115
Novon (Pty) LTD		-	6,840	6,840
NPV Services	-	-	2,109	2,109
Ntabiseng Trading CC	-	-	4,881	4,881
Numbi Motors Pty Ltd	-	-	36,946	36,946
Olrac SPS Africa		-	8,273	8,273
Optimistic Skill Trading	2,790	-	26,700	29,490
Opto Africa (Pty) LTD		-	21,184	21,184
Orange Restaurant	-	-	1,305	1,305
Orion Property Holding Trust	-	-	12,398	12,398
OTIS Elevators		-	41,895	41,895
P.P.E Technologies	2,223	-		2,223
Pabx adaptor and installation		-	5,161	5,161
Panasonic (Pty) LTD		-	14,355	14,355
Paulen Logistics (Pty) LTD	4,145	-	- 1,000	4,145
Pay Day software system (Pty) LTD	7,170	27,736		27,736
P.C. Smit Pompe	111,173	21,730	483,922	595,095
Pengy construction CC	111,173		169,429	169,429
Pest x-Perts CC			3,192	3,192
Pevercoat Social Consulted & Event	-	-	24,000	24,000

#### UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

#### APPENDIX E

Name of Company	Emergency	Single Provider	Exceptional	TOTAL
Philip Meyer Attorneys		-	29,925	29,925
Philix and Sun Trading CC	40,437	-	15,990	56,427
Photopro (Pty) LTD		-	1,650	1,650
Picto Busby ( Pty) LTD	-	-	27,753	27,753
Pirtek (Pty) LTD	-	-	926	926
Plumbing Lady Trading CC	111,730	-	145.804	257,534
Polvin Event Management	-	-	25,382	25,382
Pool Creations & Renovations CC	-	-	7,377	7,377
Power Man (Pty) LTD	-	-	1,928	1,928
Powerman sale CC	-	-	13,903	13,903
Premier Conferencing	-	-	18,126	18,126
Prodiba PTY LTD	-	4,215	-	4,215
Prosound (Pty) Ltd	-	-	36,872	36,872
Protea Hotel Manor	-	-	3,889	3,889
Protea Tyres Truck Den (Pty) Ltd	29,120	-	26,996	56,117
Pulse Electronics	-	=	16,710	16,710
Purple moss Trading CC	-	-	9,488	9,488
Quanu Trading CC	-		7,520	7,520
Quick Fit Electrical CC	141,208	-	722,995	864,203
Quick Focus Trading Int.	-	-	27,850	27,850
R& R Perfomance Exhaust and maintainance	-	-	12,370	12,370
Regenesys Business school	-		39,000	39,000
Reginald Hlatshwayo	-	-	2,000	2,000
Registar of Deeds	-	-	234	234
Rephos Trading CC	-	-	1,000	1,000
Reptile Recovery		-	3,300	3,300
Rieba Clothing Trading	-	-	16,665	16,665
Richdad Trading	-	-	114,108	114,108
Richman Poorman	-	-	33,600	33,600
Ridds Aqua center (pty)ltd	-	-	16,313	16,313
Rising Sun Field Services and Maintenance	342	-	5,301	5,643
Ristar Lowveld Telephone system	-	-	4,858	4,858
Riverside Panel Beaters	_		11,628	11,628
Rodney Hofmann Consultants		-	47,520	47,520
Ronnie Swart	-	-	4,000	4,000
Ronny Hoffman Consultant		-	47,520	47,520
Rose & crown guest lodge		_	10,625	10,625
RSH Specixlity Chemicals		_	9,690	9,690
Rufwil Electrical		-	3,048	3,048
SABC Group sales & marketing	-	-	115,960	115,960
SADEC			36,833	36,833
Safet Media (PTY) Ltd			4,252	4,252
Safety access	1,700		3,325	5,025
Sarahomes construction	1,700		6,384	6,384
Satchtech System			6,280	6,280
Saw worx		-	40,326	40,326
SB Stander TA Pohls Panelsbeater			2,500	2,500
Schnereler Elach services & project	-	-	95,753	95,753
Screen-Rite			1,741	1,741
Sicede Trading CC		-	13,500	13,500
Sesanele Catering and project CC	-	-	11,900	11,900
Sew Eurodrive	-	-	154,960	154,960
Shabangu Mishack	-		800	800
Shabangu Transport	-		9,600	9,600
Sharmed waste management	-	_	7,001	7,001
Sibusiso Hlatshwayo	-	-	800	800
Sign Language Interpreter Gugu	-	-	4,000	4,000
Sikhukhula Trading Enterprice CC		_	3,650	3,650
Siklibhi semaDube General Transport, tour & cars			7,500	7,500
Silinda Mokoena Attorneys		_	444,825	444,825
Silver Star Trading CC		4	20,503	20,503
Sinelitsemba Trading CC		-	26,000	26,000
Sinonke Trading CC		-	53,000	53,000
Sipho's Irrigation System and Garden Services	17,841	-	50,000	17,841
Sisekelo Lesicinile Trading CC	17,041	_	11,248	11,248
Sitanamanzi Contractors CC	14,683	_	338,378	353,061
Sitimele Air CC	14,003		52,891	52,891
Sive Aircon & Electrial Solutions	E4.004		32,091	51,984
SIVE AUCON & FIECURAL SOUDIONS	51,984	-	-	51,984

#### UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

#### APPENDIX E

Name of Company	Emergency	Single Provider	Exceptional	TOTAL
Sizwe Sibiya	_	-	832	832
Slam Paper Distributors CC	-	-	4,120	4,120
Sneakers Edition (Pty) LTD	-	-	55,200	55,200
SNH Business Seminars	-	-	17,497	17,497
Singobele Trading CC		-	13,400	13,400
Soletha Trading CC	4,300	-	-	4,300
Sound system/function design	-	-	29,950	29,950
Sparks & Ellis Uniforms		-	14,216	14,216
Speedy Tyres & Exhaust	-	-	10,119	10,119
Sphetsile enterprise CC	10,500	-	-	10,500
Spray Air services		-	28,410	28,410
Sprinteligent (Pty) LTD		-	23,590	23,590
Squirrel fast food	-	-	1,420	1,420
Stanford computer & business college Starugan Trading	-	-	9,760	9,760
Steel Ropes CC	-	-	1,600	1,600
Steinmed waste management	-		11,944	11,944
Sudklor and sudfloc	-	-	10,026 9,915	10,026 9,915
Suid Chemie		-	9,915	9,915
Super Brake Services		-	1,103	1,103
Supa Sika Trading CC		-	4,450	4,450
Sure Engineering	-	-	26,178	26,178
Swanepoel & Partners Incorporated	-	-	93,989	93,989
Swaziland Investment Promotion Authority		-	5,364	5,364
Swift Plumbing & Electrical	-	-	18,872	18,872
Syntel (Pty) LTD	-	-	578,735	578,735
T.A Simelane	-	-	600	600
Tankman septic services CC	36,501	-	246,836	283,336
Teboho lehlohonolo Trading Enterprise CC	-	-	14,678	14,678
Tebza Lilly general trading CC	-	-	1,200	1,200
Technology integrated Solution TIS Tekwane North Youth Development	,	-	147,474	147,474
Texida Agencies	*	-	18,000	18,000
Thaba General Trading CC	-	-	57,040 13,500	57,040 13,500
Thabethe Musa			1,856	1,856
The Courier and freight group			3,801	3,801
The Fever Tree Nursery		-	47,680	47,680
The Gaffrey Group	_	_	183,448	183,448
The nutting house lodge & conference facilities	-	-	6,800	6,800
The Surveryor General	-	47,400	-	47,400
Tidy Files	-		33,399	33,399
Tingwabela General Trading CC	-	-	1,500	1,500
Tinyikonjabulo Trading CC	-	-	850	850
Tiragalo Business Consulting		-	44,457	44,457
Tirepoint Nelspruit	-	-	49,635	49,635
Town Lodge	-	-	2,115	2,115
TP Training Solution	-	-	4,999	4,999
Traffic Signal and accessories cc	76,451	-	48,051	124,502
Transfarm Pharmaceuticals	-	-	8,727	8,727
Travel experience T/A Dana Agency		-	4,389,494	4,389,494
Trucks Parts (Pty) LTD	-	-	5,130	5,130
Trumvello Manufactures ( Pty)LTD		-	117,532	117,532
Tshepiso Trading CC Tshwawe S E	3,368	-	4 200	3,368
Tsimane Power Maintenance	05.040	-	1,200	1,200
Tswelopele funeral services	25,010	-	29,925	25,010 29,925
Tunner morris (Pty) LTD		-	44,448	44,448
Turf Scape (Pty) LTD	13,634	-	44,440	13,634
Turner Morris (Pty) LTD	13,034	-	23,863	23,863
Twain2 (Pty) LTD			3,335	3,335
Ukwazi Engineering CC	-	-	28,990	28,990
Umbabano Property cc	-	-	1,283	1,283
Umber Cascader Trading	-	-	28,450	28,450
Umlozi Trading Enterprise CC	-	-	29,900	29,900
Umoja Management Solution CC		-	22,485	22,485
UMS ( Pty) LTD	-	-	12,383	12,383
Umsebe Development Planners	-	-	57,000	57,000
Umzansi Media News	-	-	43,500	43,500
Unison (Pty) LTD	-	-	63,926	63,926

#### UNAUDITED SUPPLEMENTARY SCHEDULE TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

#### APPENDIX E

Name of Company	Emergency	Single Provider	Exceptional	TOTAL
University of Cape Town	-	-	22,000	22,000
University of Pretoria	-	-	127,750	127,750
Uxhumano Communications	-		23,982	23,982
Value Truck Rental	-	-	21,950	21,950
Van Wettens Breakdown Service (Pty) Ltd	22,313	-	-	22,313
Variprint ( Pty) LTD	-	-	9,972	9,972
Vision 2000 ( Pty) LTD	-	-	3,228	3,228
VPK business venture CC	-	-	210,000	210,000
Vunella Aircons CC	-	-	34,297	34,297
Vunnela Trading Enterprise CC	-	-	9,781	9,781
Waltons Stationery	-	-	35,182	35,182
Waterstop Konstrucsie	-	-	10,916	10,916
Westvaal delta /white river	-	-	4,737	4,737
Westvaal Nelspruit	37,362	-		37,362
White River Printers	_		44,440	44,440
Women in Power General Trading Enterprise	4,988	-	-	4,988
Worx of Africa	_	-	10,317	10,317
Xerx-Lowveld office Automachine	_	-	1,696	1,696
XPS Speed Services Couriers	-	-	8.872	8,872
Youth Genesis Business Services	-	-	1,350	1,350
Zama Irvin General Trading CC	-	-	9,200	9,200
Zamangwane Consulting t/a ZMG -Watech	-	-	105,717	105,717
Zeerow Seven Trading CC	-	-	2,400	2,400
Zendubind Trading ( Pty) LTD	-	-	10,580	10,580
Zenhlanzile Trading Catering & Décor		-	5,158	5,158
Ziyaphenda Trading CC	-	100	3,600	3,600
Zumile Trading 321 CC		_	4,900	4,900
TOTAL	1,228,860	558,899	25,759,645	27,547,405